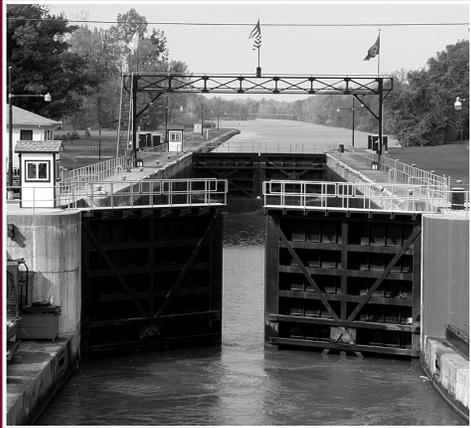


# STATE OF NEW YORK

## FINANCIAL CONDITION REPORT

For Fiscal Year Ended  
March 31, 2014



**Thomas P. DiNapoli, State Comptroller**

## MESSAGE FROM THE COMPTROLLER

I am pleased to present the State of New York's Financial Condition Report for the fiscal year ended March 31, 2014.

New York State has made progress toward aligning revenues with expenditures in recent years by limiting spending growth and holding potential budget gaps to comparatively manageable levels. Overall spending growth since 2010 is just slightly above inflation of 8.3 percent during the period. The State ended State Fiscal Year (SFY) 2013-14 in its most favorable financial position in years and made its first deposit to the Rainy Day Reserve Fund since 2008.

Despite such progress, the SFY 2014-15 Enacted Budget still relies on an estimated \$5.1 billion in temporary resources, including extraordinary federal aid. Potential budget gaps projected for the coming years remain in the billions of dollars, and the use of non-recurring resources illustrates that a structural imbalance remains.

The Empire State also continues to face real economic challenges that help to explain the fiscal difficulties confronting both our State and our local governments. While job recovery immediately after the Great Recession was stronger in New York than in many other states, our statewide employment growth fell behind the national trend in recent years. Most Upstate regions, in particular, continue to struggle economically.

With the State on better financial footing, New York now has the perfect opportunity to align its revenues with expenses on a sustainable basis and eliminate the short-term solutions we've relied on for decades. The Executive should identify actions to stay within spending benchmarks and avoid out-year budget gaps that could occur and work with the Legislature to enact real debt reform to ban backdoor borrowing by public authorities and restore voter control over debt.

As the State's chief financial officer, I encourage every citizen to learn more about the fiscal, economic and social challenges facing New York and to participate fully in the public debate on these vitally important issues. This report is intended to promote an informed dialogue by illustrating key trends in our economy as well as in our State and local budgets.

The more effectively we face the challenges mentioned above, the better we will position the Empire State to build on its great assets for a stronger future.



**Thomas P. DiNapoli,  
State Comptroller**

# STATE OF NEW YORK



## FINANCIAL CONDITION REPORT

**For Fiscal Year Ended  
March 31, 2014**

**This report and the Comprehensive Annual  
Financial Report may also be obtained  
from the Office of the State Comptroller's  
website at [www.osc.state.ny.us](http://www.osc.state.ny.us).**

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Government Finance Officers Association

# Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

## State of New York

For its Annual Financial Report for the Fiscal Year Ended

**March 31, 2013**

Executive Director/CEO

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## COMPTROLLER’S 2014 REPORT ON THE FINANCIAL CONDITION OF NEW YORK STATE

This report provides citizens with an overview of the financial condition of New York State. It presents selected financial, economic, and demographic information in an easy-to-understand format.

It also presents basic information on trends in State receipts (revenues) and spending (disbursements), the State’s financial position as measured by Generally Accepted Accounting Principles (GAAP), and selected economic and demographic trends affecting the State. This report fills an information

need not met by the traditional, more detailed financial reports issued by the Comptroller’s Office, and is meant to complement these other reports, not to replace them. Detailed accounting data can be found in reports such as the Comprehensive Annual Financial Report.

Financial condition is a broad concept aimed at assessing the ability of a government to meet current and future financial and service obligations. This report examines the State’s ability to deliver acceptable levels of services

at acceptable levels of taxation, while achieving budget balance and making required debt service payments and pension contributions.

The Office of the State Comptroller was honored this past year when it received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the 2013 Financial Condition Report.

## GOVERNMENT-WIDE FINANCIAL DATA

New York State's government-wide financial statements include a Statement of Net Position and a Statement of Activities, both of which distinguish between the State's governmental and business-type activities. (Component Unit data not shown.)

### Governmental Activities

Most of the State's basic services are reported here, including education, public health, public welfare, public safety, transportation, environment and recreation, support and regulation of business, general government, and interest on long-term debt. Federal grants, personal income taxes, consumption and use taxes, business and other taxes, lottery revenues, and bond proceeds finance most of these activities.

### Business-type Activities

Revenues are received by the State from its customers to help it cover all or part of the cost of certain services it provides. The State's Lottery Fund, Unemployment Insurance Benefit Fund, the State University of New York (SUNY) and the City University of New York – Senior Colleges (CUNY) are reported here.

### Government-Wide Financial Statements

The full accrual method of accounting, which is also used by many businesses, recognizes revenues and expenses when the earning process is complete, regardless of when cash is received or disbursed. This results in a long-term perspective on finances.

The Statement of Net Position reports the State's total assets, deferred outflows of resources (the consumption of net assets applicable to a future reporting period), liabilities and deferred inflows of resources (the acquisition of net assets applicable to a future reporting period). This Statement

### Condensed Statement of Activities — Primary Government

For the year ended March 31, 2014 (amounts in millions)

Functions/Programs	Expenses	Program Revenues	Net (Expenses) Revenues
<b>Governmental activities:</b>			
Education	\$31,791	\$4,013	(\$27,778)
Public health	54,995	35,250	(19,745)
Public welfare	15,525	12,800	(2,725)
Public safety	7,680	2,640	(5,040)
Transportation	8,171	3,549	(4,622)
Environment and recreation	1,350	665	(685)
Support and regulate business	1,600	1,896	296
General government	7,534	3,264	(4,270)
Interest on debt	1,785	39	(1,746)
<b>Total governmental activities</b>	<b>130,431</b>	<b>64,116</b>	<b>(66,315)</b>
<b>Business-type activities:</b>			
Lottery	6,162	9,226	3,064
Unemployment insurance	4,529	4,937	408
State University of New York	10,061	6,036	(4,025)
City University of New York	3,088	1,506	(1,582)
<b>Total business-type activities</b>	<b>23,840</b>	<b>21,705</b>	<b>(2,135)</b>
<b>Total primary government</b>	<b>\$154,271</b>	<b>\$85,821</b>	<b>(68,450)</b>
<b>General revenues, net transfers and special item:</b>			
Taxes			68,371
Other			3,107
Net transfers			(812)
Special Item – State Insurance Fund reserve release			250
<b>Total general revenues, net transfers and special item</b>			<b>70,916</b>
<b>Change in net position</b>			<b>\$2,466</b>

reports the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in three categories: Net investment in capital assets, Restricted net position and Unrestricted net position (deficits).

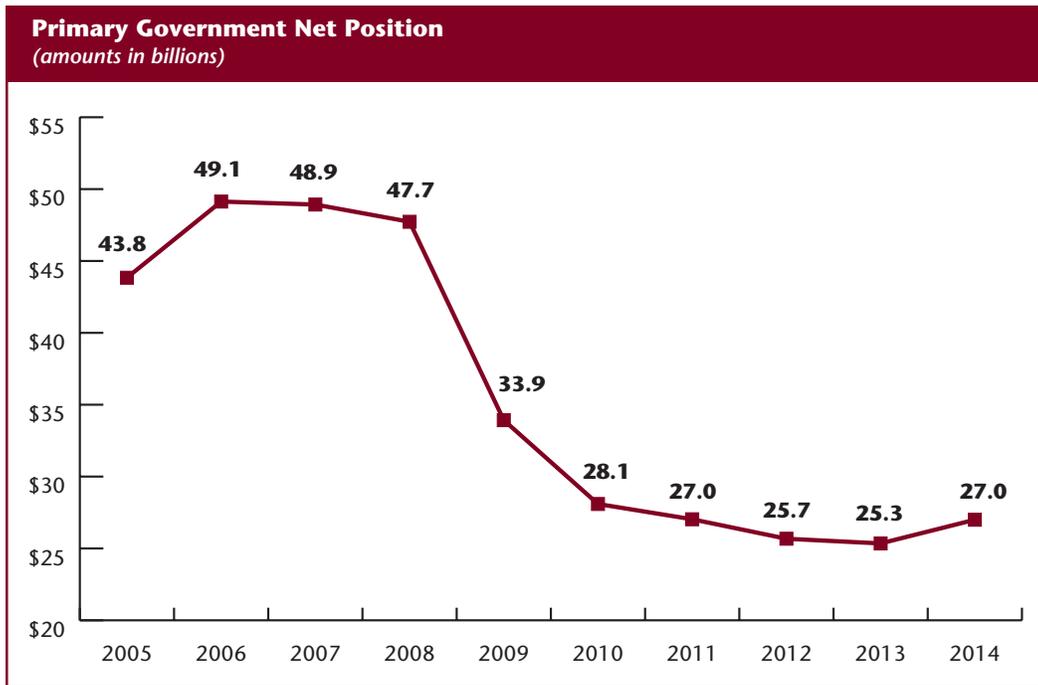
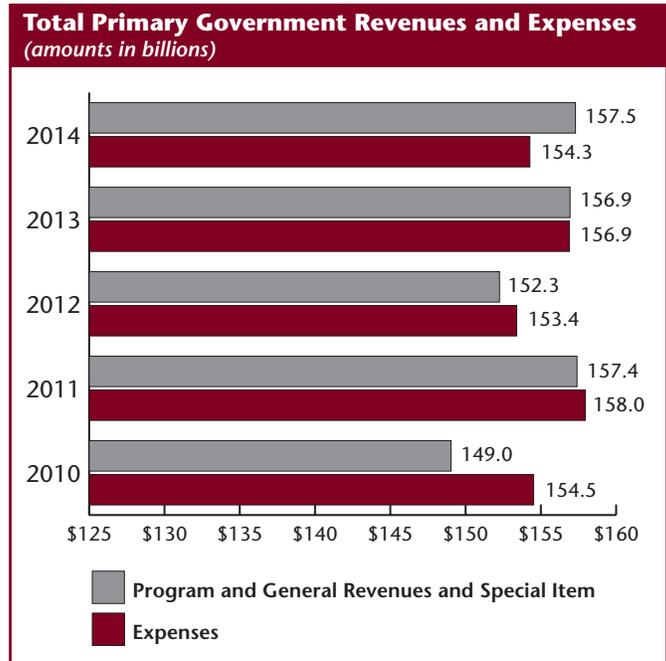
The Statement of Activities reports the expenses of each of the State's programs, reduced by the revenues generated by those programs, to arrive at net program expense. The net program expense is then reduced by general revenues and other gains and losses to arrive at a change in net position for the year. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. General revenues include internally dedicated resources, taxes and other items not included as program revenues.

### Condensed Statement of Net Position — Primary Government

As of March 31, 2014 (amounts in millions)

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments	\$12,849	\$6,350	\$19,199
Receivables, net	22,735	4,327	27,062
Internal balances	(227)	710	483
Other assets	317	118	435
Capital assets	86,235	14,206	100,441
<b>Total assets</b>	<b>121,909</b>	<b>25,711</b>	<b>147,620</b>
<b>Deferred outflows of resources</b>			
	<b>724</b>	<b>160</b>	<b>884</b>
<b>Liabilities</b>			
Tax refunds payable	9,551	—	9,551
Payable to local governments	6,402	—	6,402
Accrued liabilities and accounts payable	7,832	2,168	10,000
Other liabilities due within one year	5,393	3,371	8,764
Liabilities due in more than one year	63,947	21,173	85,120
<b>Total liabilities</b>	<b>93,125</b>	<b>26,712</b>	<b>119,837</b>
<b>Deferred inflows of resources</b>			
	<b>1,670</b>	<b>—</b>	<b>1,670</b>
<b>Net position</b>			
Net investment in capital assets	68,791	1,220	70,011
Restricted for debt service and other purposes	3,814	1,270	5,084
Unrestricted deficits	(44,767)	(3,331)	(48,098)
<b>Total net position</b>	<b>\$27,838</b>	<b>(\$841)</b>	<b>\$26,997</b>

For prior years' comparative government-wide data, please see the Statistical Section of the Comprehensive Annual Financial Report (CAFR) (Net Position by Component, Changes in Net Position, and Program Revenues by Function schedules). For an overview of the reasons for changes in revenues and expenses, please see Management's Discussion and Analysis in the CAFR.



**FUND FINANCIAL DATA**

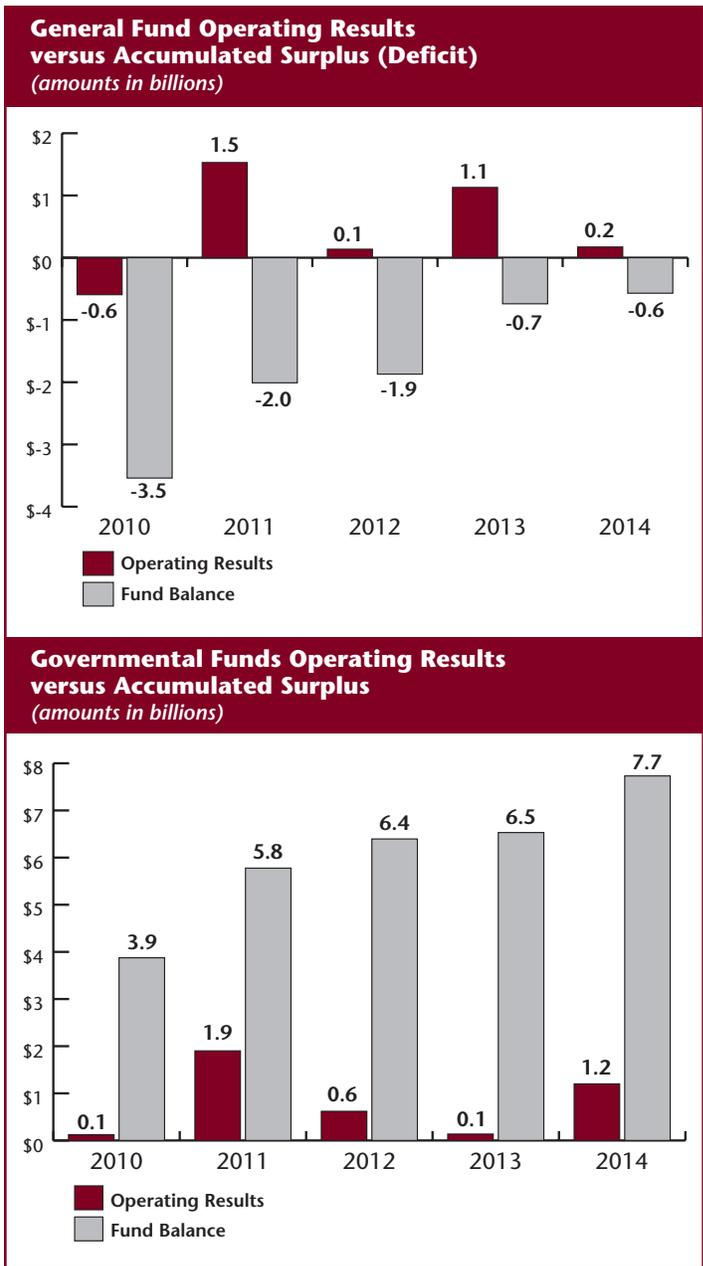
The State also prepares fund financial statements. Funds represent sources of funding and spending for particular purposes. The General Fund is used to report sources of funds and expenditures that are not required to be accounted for in another separate fund. In New York, significant sources of funds that normally would be reported in the General Fund have been pledged or dedicated to other funds for repayment of debt or project funding and are therefore reported in other governmental funds.

Fund financial statements provide a short-term view of government finances. Thus, payment of fund expenditures from proceeds of long-term borrowing will not have any impact on the fund balance, because the liability to repay the borrowing is not reported in the fund.

The relationship between fund operating results and accumulated fund balance (or deficit) is graphically depicted at right. Operating results are the net change in fund balance in a reporting period -- the amount by which the accumulated fund balance increased or decreased during the reporting period.

- For the year ended March 31, 2014, the State’s governmental funds reported a combined operating surplus of \$1.2 billion, increasing the combined fund balance from \$6.5 billion at April 1, 2013 to \$7.7 billion at March 31, 2014.
- The combined governmental funds operating surplus included a \$172 million surplus in the General Fund. While General Fund expenditures exceeded revenues, the surplus occurred as a result of transfers to the General Fund from other funds. The General Fund accumulated fund deficit decreased from \$739 million at April 1, 2013 to \$567 million at March 31, 2014.

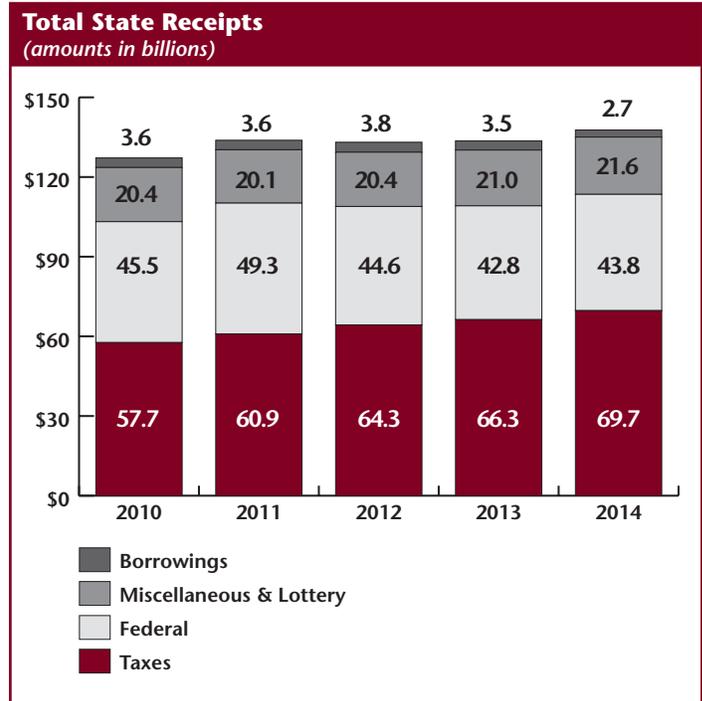
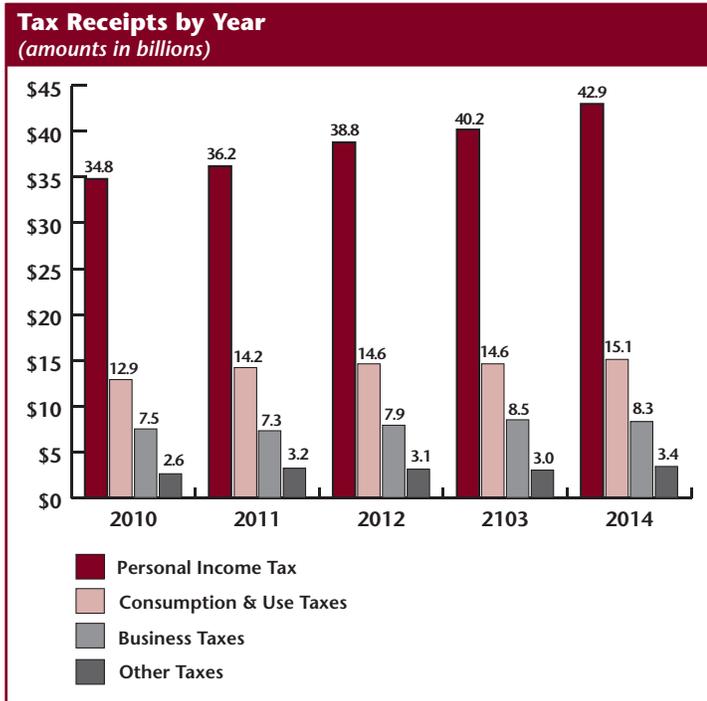
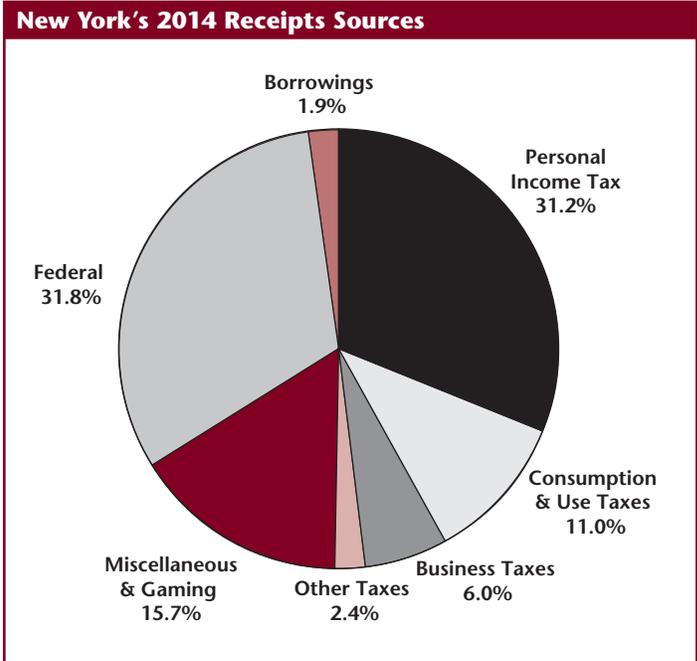
*For more detail, please see the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) in the CAFR.*



**TOTAL RECEIPTS**

Revenues are affected by economic changes and changes in federal and State policies. Tax base is a measure of the State’s ability to generate revenue. A decreasing tax base may force spending reductions and/or increased taxes. Receipts are revenues that have been recorded on a cash basis. Appendix 3 contains State receipts by major source for the past five fiscal years.

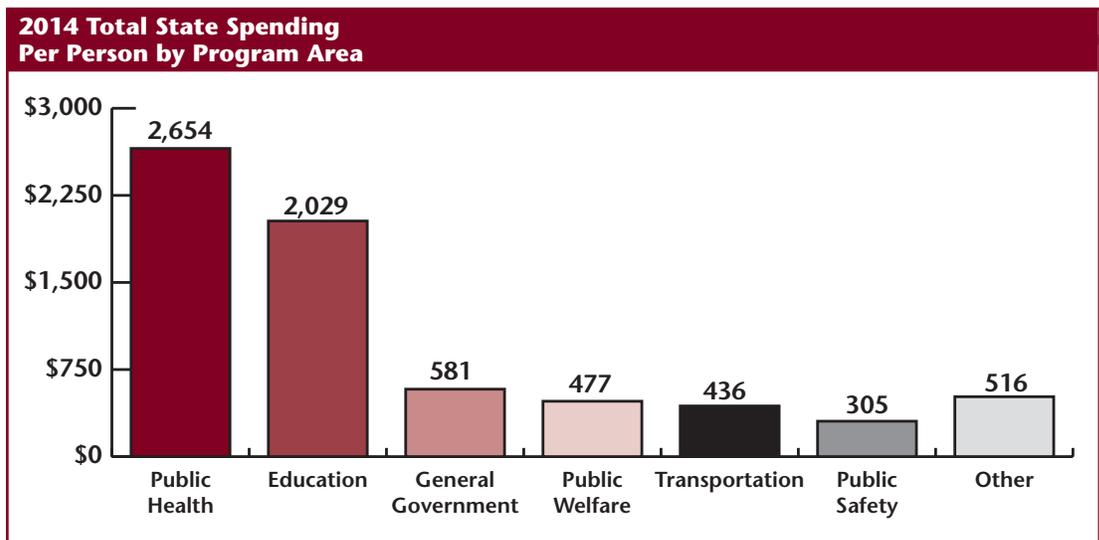
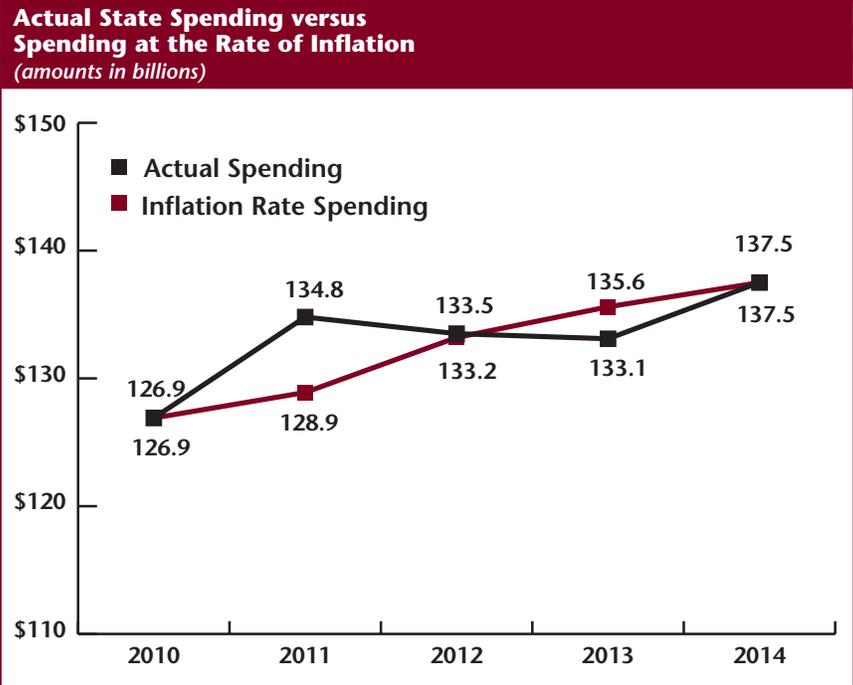
- Total receipts have increased \$10.5 billion (8.3 percent) since 2010.
- In 2014, total tax receipts of \$69.7 billion represented a 20.8 percent increase over 2010 tax receipts.
- In 2014, receipts from the federal government were 3.8 percent lower than in 2010. While the reduction in federal receipts is primarily related to the winding down of the American Recovery and Reinvestment Act, federal funding is again increasing with new disaster assistance for Superstorm Sandy and Hurricane Irene, as well as new Medicaid funding under the Affordable Care Act.
- Personal income tax and consumer (consumption and use) taxes accounted for 42.2 percent of 2014 receipts, and have increased 22 percent since 2010.
- During fiscal year 2014, the State experienced a 6.8 percent increase in personal income tax receipts – its largest tax revenue source.



**TOTAL SPENDING**

Spending data can be used to evaluate the State’s program priorities and, compared to revenue data, can be used to measure the State’s ability to support continuing programs. Appendices 1 and 2 show State spending on a cash basis by major program and funding source for the past five fiscal years.

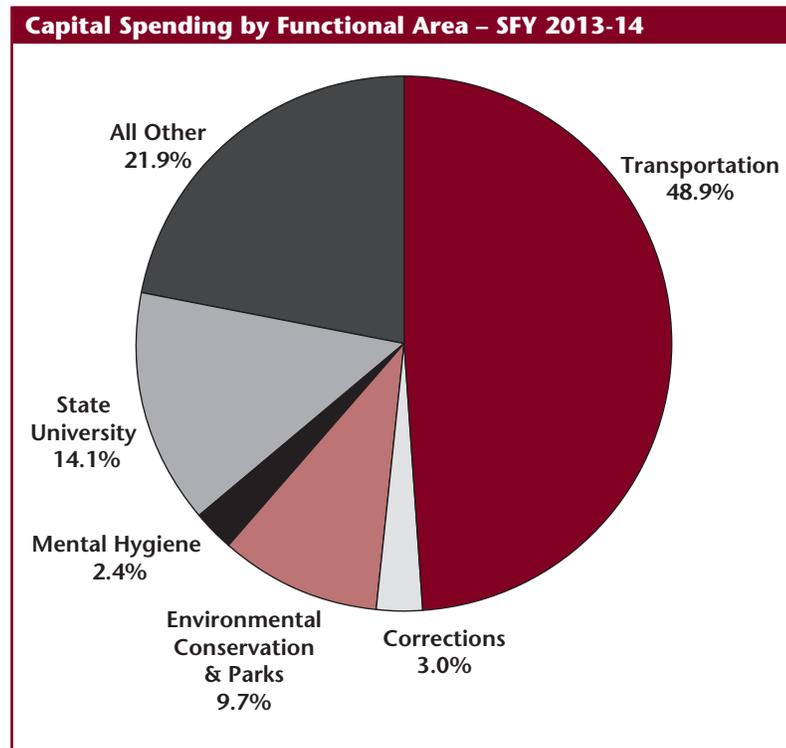
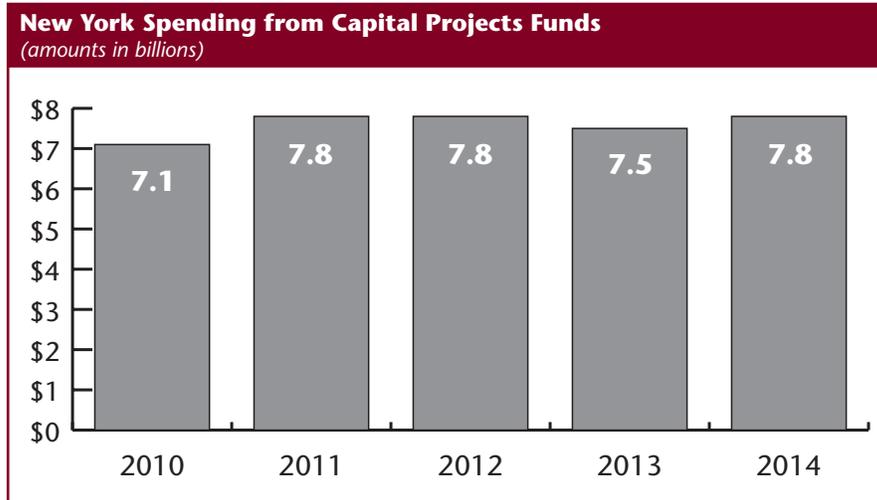
- State spending, including spending from federal funds, totaled \$137.5 billion in 2014, an increase of \$4.4 billion (3.3 percent) from the prior year.
- Since 2010, growth in State spending (8.4 percent) has been in line with inflation (Consumer Price Index of 8.3 percent).
- State spending has been partially paid for by borrowing \$17.1 billion since 2010, including \$2.7 billion in 2014.
- New York’s spending in 2014 was \$6,998 per person.
- Spending on public health and education represents 66.9 percent of total State spending.



**CAPITAL**

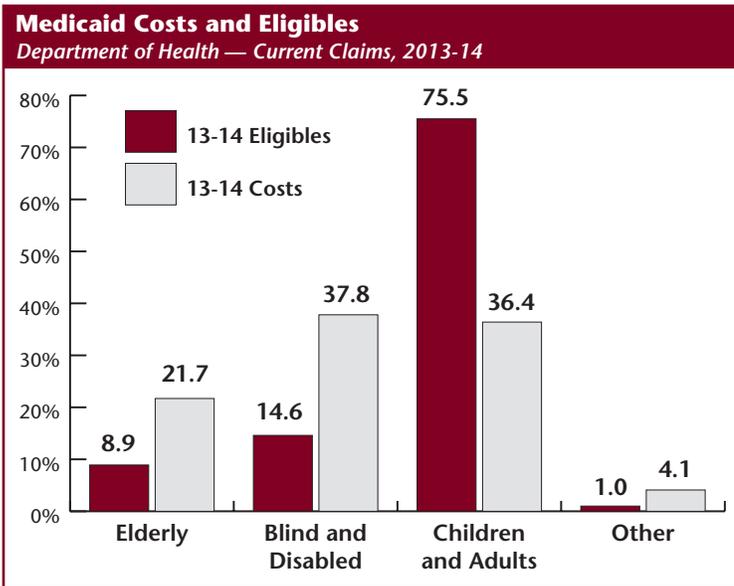
The deterioration of capital assets can have a direct impact on the State’s economy and its ability to attract and retain business. Capital assets include not only highways and bridges, but also education, government, health and recreation facilities.

- Overall, capital spending in 2014 was \$639 million (9 percent) higher than in 2010. The largest increases occurred in capital spending for the State University, Transportation and Environmental Conservation and Parks.
- In 1994, the pay-as-you-go share of nonfederal capital financing was 51 percent. Since then, pay-as-you-go financing has averaged 39 percent.
- In the current Capital Program and Financing Plan, spending is projected to average \$9.6 billion per year through 2018-19. At the same time, the share of nonfederal capital spending financed on a pay-as-you-go basis is projected to average 30 percent over the five-year period.
- As of March 31, 2014, the State reported \$100.4 billion in capital assets, an increase of \$2.7 billion or 2.8 percent from the prior year. Capital assets include buildings and building improvements, construction in progress, equipment, land, land improvements, land preparation, intangible assets and infrastructure such as roads and bridges.



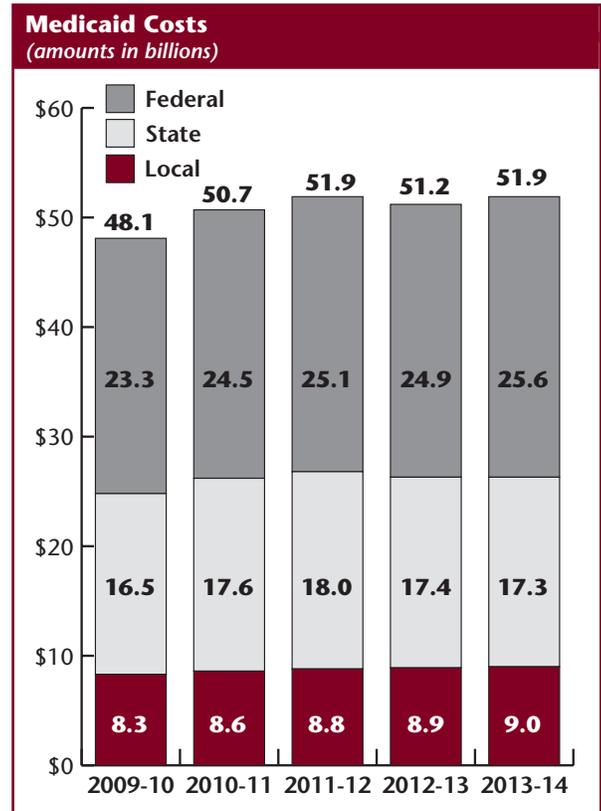
**PUBLIC HEALTH**

- Combined local, State and federal spending on New York Medicaid claims increased by \$738.2 million, or 1.4 percent, to \$51.9 billion, while the average monthly enrollment grew by 159,357, or 3.1 percent, to 5.3 million in SFY 2013-14.\* Much of the spending increase reflects higher federal payments largely associated with implementation of the Affordable Care Act (ACA). Starting in January 2014, the ACA has provided enhanced federal matching funds for newly eligible enrollees earning less than 138 percent of poverty (\$16,105 for a family of one) and higher federal Medicaid reimbursement for certain other enrollees for whom states like New York expanded eligibility prior to enactment of the ACA. Implementation of the ACA also accounts for a portion of the increase in Medicaid enrollment in SFY 2013-14. About 77,000 New Yorkers a month enrolled in Medicaid through the New York State of Health Insurance Exchange during January, February and March 2014. Medicaid managed care enrollment increased by 246,679, or 6.5 percent, to 4,044,644 average monthly enrollees in SFY 2013-14, largely reflecting the transition of most populations from fee-for-service Medicaid.
- Children accounted for the largest average monthly increase in enrollment, growing by 77,016, or 4.0 percent, to 1,995,364. The number of adults with Medicaid coverage, including those on Family Health Plus, increased by 49,013, or 2.5 percent, to 2,021,070. The number of elderly enrollees increased by 10,497, or 2.3 percent, to 473,181, while the number of blind or disabled enrollees increased by 9,052, or 1.2 percent, to 779,296. The number of “other” eligible recipients, largely legal immigrants, increased by 13,780, or 37.0 percent, to 51,011.

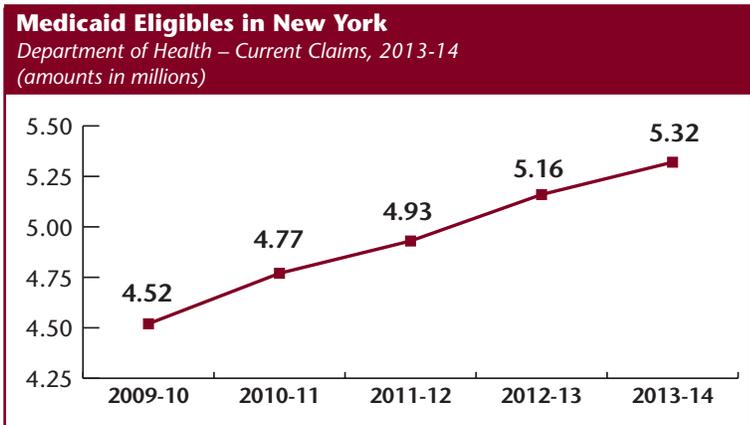


- Family Health Plus, a Medicaid expansion program implemented in SFY 2001-02 for certain adults without health insurance who have too much income to qualify for regular Medicaid, saw a 5.2 percent decrease in average monthly enrollment in SFY 2013-14 and a 2.5 percent decrease in costs. Average monthly enrollment decreased by 22,538, to 408,964, while year-to-year costs decreased by \$43.6 million, to \$1.68 billion, in SFY 2013-14. These decreases reflect 2013 State budget actions to phase out the program by January 1, 2015. DOH is transitioning most enrollees to Medicaid managed care; others will transition to a qualified health plan through the New York State of Health Insurance Exchange.

\* Unreconciled paid claims from the Department of Health. SFY 2013-14 enrollment numbers are through December 2013.



- While children and adults continue to comprise three-quarters of all average monthly enrollees, they account for only 36.4 percent of the overall costs of the Department of Health (DOH) Medicaid claims. Elderly, blind and disabled enrollees make up about a quarter of eligible recipients, but account for 59.5 percent of Medicaid claims costs.



**PUBLIC WELFARE**

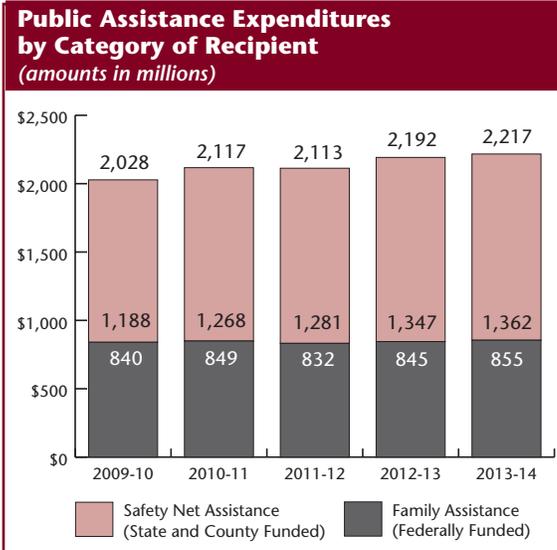
■ The average monthly number of public assistance recipients in New York decreased for the first time in five years in SFY 2013-14, largely due to lower Safety Net Assistance (SNA) enrollment in New York City. Despite the decrease in overall enrollment, public assistance spending was marginally higher last year, largely due to an increase in SNA expenditures in areas of the State outside of New York City. Statewide, the number of Family Assistance (FA) recipients increased slightly, in both New York City and the rest of the State. An increase in SNA recipients outside of New York City was the highest it has been since SFY 2011-12, but the number of SNA recipients in New York City decreased even more -- the first decrease since SFY 2008-09. Spending for SNA recipients outside of New York City grew twelve times faster than it did in SFY 2012-13, while spending for SNA recipients in New York City was slightly lower.

■ The average monthly number of public assistance recipients decreased by 1,460, or 0.3 percent, to 572,849 in SFY 2013-14, which is the first such decrease since SFY 2008-09 and reflects the State's continued recovery from the worst economic downturn since the Great Depression. The average number of recipients in New York City decreased by 7,015, or 2.0 percent, to 343,946 in SFY 2013-14, while the average number of recipients in the rest of the State increased by 5,556, or 2.5 percent, to 228,903. This growth in areas outside of New York City was over twice the size of last year's increase in public assistance recipients outside of the City.

■ Statewide public assistance expenditures increased by \$24.8 million, or 1.1 percent, to \$2.22 billion in SFY 2013-14, after increasing by \$78.7 million, or 3.7 percent, last year. Public assistance spending in New York City decreased by \$11.4 million, or 0.8 percent, to \$1.34 billion in SFY 2013-14, while spending in the rest of the State increased by \$36.1 million, or 4.3 percent, to \$874.1 million in SFY 2013-14. SNA expenditures, which accounted for 61.5 percent of total public assistance spending, increased by \$15.3 million, or 1.1 percent, to \$1.36 billion in SFY 2013-14. In New York City, SNA expenditures

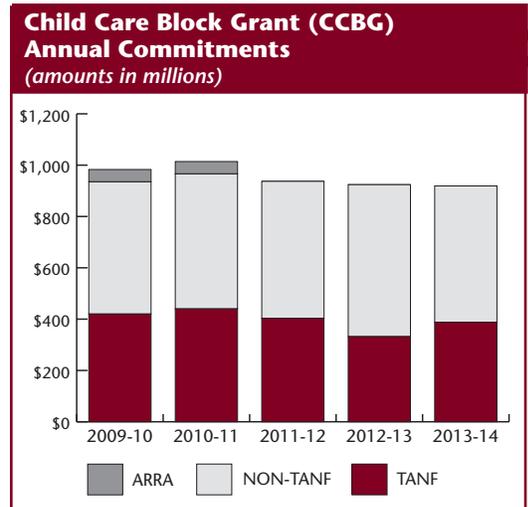
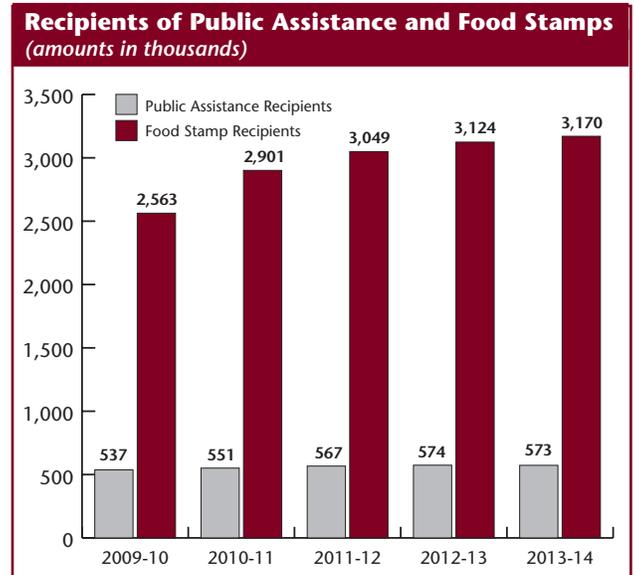
decreased by \$11.7 million, or 1.3 percent, to \$895.0 million, while SNA expenditures in the rest of the State increased by \$27.0 million, or 6.1 percent, to \$467.1 million. FA expenditures increased by \$9.5 million, or 1.1 percent, to nearly \$854.5 million in SFY 2013-14. In New York City, FA expenditures increased by \$342,605, or 0.1 percent, to \$447.4 million, while FA expenditures in the rest of the State increased by \$9.1 million, or 2.3 percent, to \$407.1 million in SFY 2013-14.

■ Average monthly enrollment in the State's Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program and funded by the federal government, increased at its slowest rate since SFY 2006-07, while program expenditures decreased for the first time in recent memory. Average monthly recipients increased by 46,249, or 1.5 percent, to 3.17 million individuals in SFY 2013-14, while overall expenditures decreased by \$117.0 million, or 2.1 percent, to \$5.5 billion last year. SNAP enrollment of 1.8 million individuals in



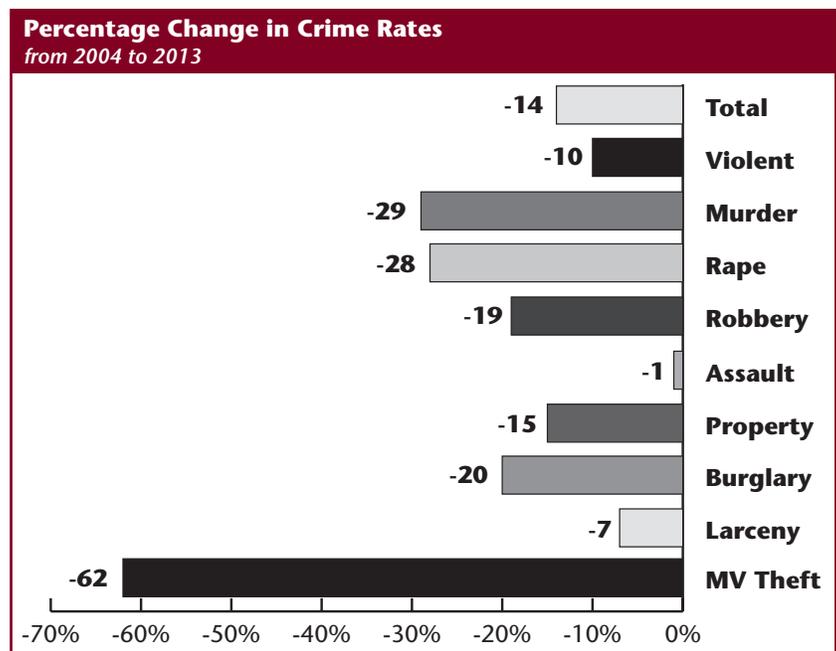
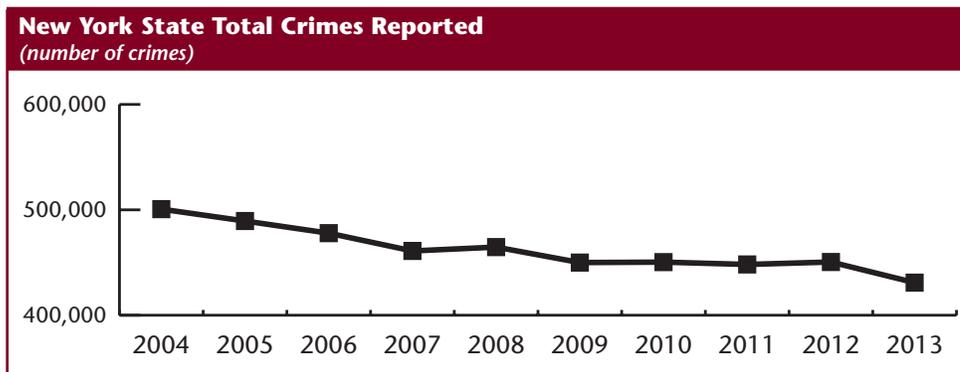
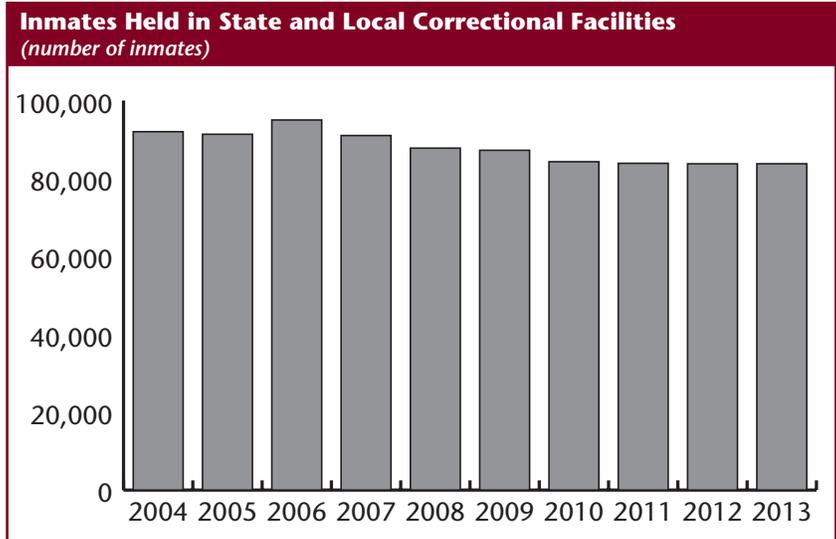
New York City was virtually unchanged in SFY 2013-14, while expenditures decreased by \$138.8 million, or 3.9 percent, to \$3.4 billion. SNAP enrollment in the rest of the State increased by 46,260, or 3.6 percent, to 1.32 million individuals, while expenditures increased by \$21.8 million, or 1.0 percent, to \$2.1 billion in SFY 2013-14.

■ Child Care Block Grant subsidies for low-income families transitioning from public assistance, financed by a combination of federal, State and local sources, decreased by \$5 million, or 0.5 percent, to \$919 million in SFY 2013-14.



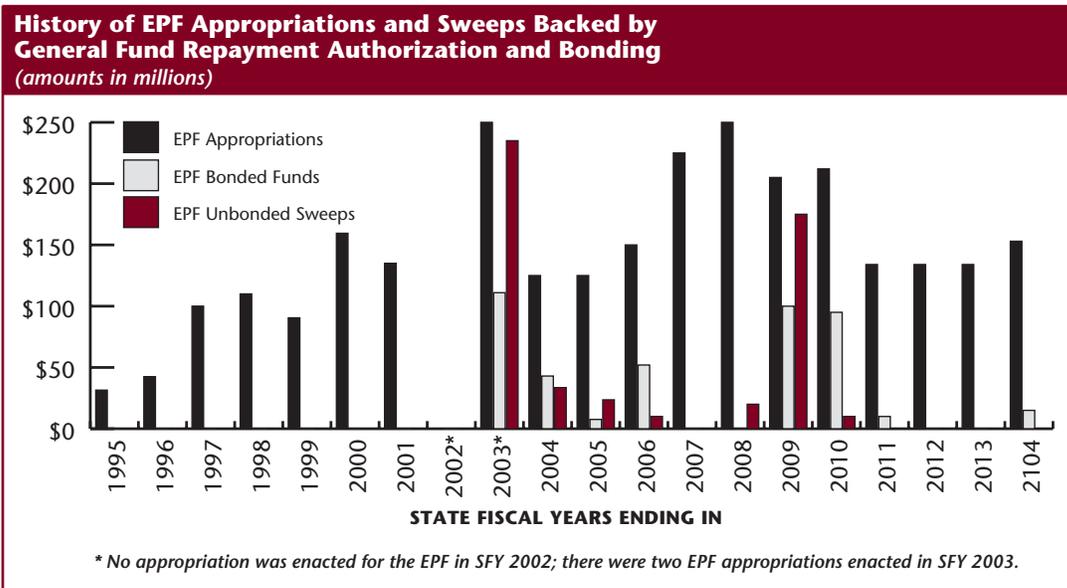
**PUBLIC SAFETY**

- A total of 83,766 inmates were held in 135 State and local correctional facilities as of September, 2013 (including 58 State correctional facilities, 61 county jail facilities, and 16 New York City correctional facilities).
- Overall, there was a decline in the inmate population of more than 8,000 (8.9 percent) since the end of 2004.
- The total number of crimes reported in New York State declined by 69,734, or 13.9 percent, from 2004 to 2013. This trend is illustrated by the falling crime rates across all major categories of crimes.



**ENVIRONMENT**

■ The Environmental Protection Fund (EPF) was created in 1993 to provide an ongoing source of pay-as-you-go funding to address the State’s environmental capital spending needs. The EPF supports a broad array of environmental programs including: State and municipal open space conservation; municipal and agricultural non-point source water pollution control; State and local parks projects; municipal water pollution control and aquatic habitat conservation; support for the State’s zoos, botanical gardens and aquaria; waterfront revitalization; and farmland conservation. The EPF is funded with a portion of the State’s real estate transfer tax.



■ In SFY 2013-14, \$153 million was appropriated to the EPF. The SFY 2013-14 enacted budget directed that \$15 million of this funding be swept to the State General Fund to be replaced with \$15

million in bonds issued for eligible EPF projects. New York Works appropriations of \$40 million and \$47.5 million were made in the capital budgets of the New York State Department of Environmental Conservation (DEC) and the New York State Office of Parks, Recreation and Historic Preservation (Parks), respectively.

■ A significant amount of spending on environmentally related energy programs occurs through the New York State Energy, Research and Development Authority (NYSERDA). NYSEDA’s budget for SFY 2013-14 projects the expenditure of \$803.9 million on programs including: energy efficiency deployment, Green Jobs/Green New York, The Renewable Portfolio Standard, and the Energy Efficiency Portfolio Standard. Of the revenues supporting these expenditures, approximately \$28.9 million is appropriated in the State Budget.

■ The largest share of NYSEDA’s revenues, \$645.2 million, is generated by assessments on energy consumption as ordered by the New York State Public Service Commission and through auction of allowances through the New York State Regional Greenhouse Gas Initiative.

**Energy**

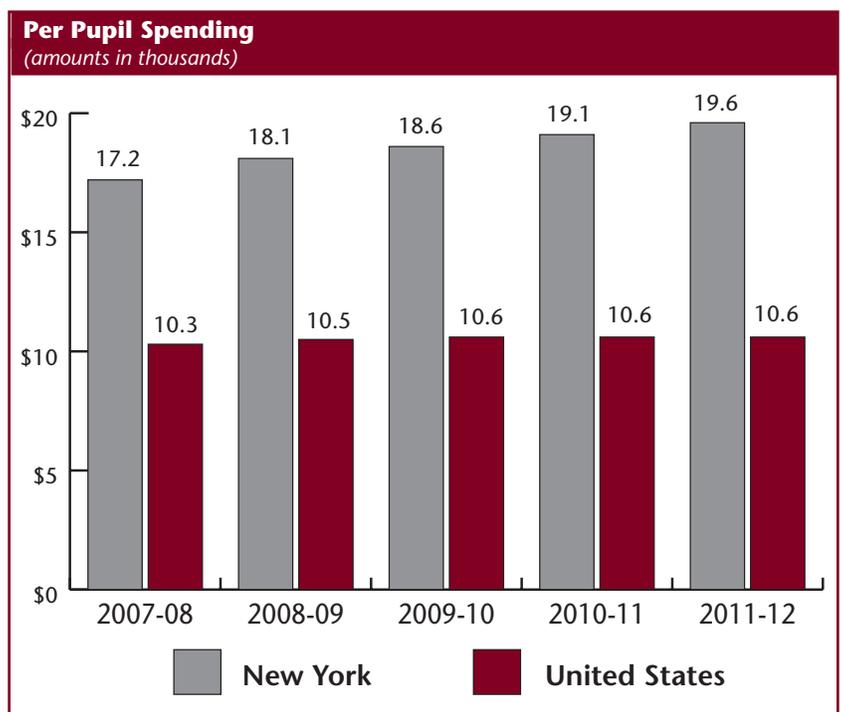
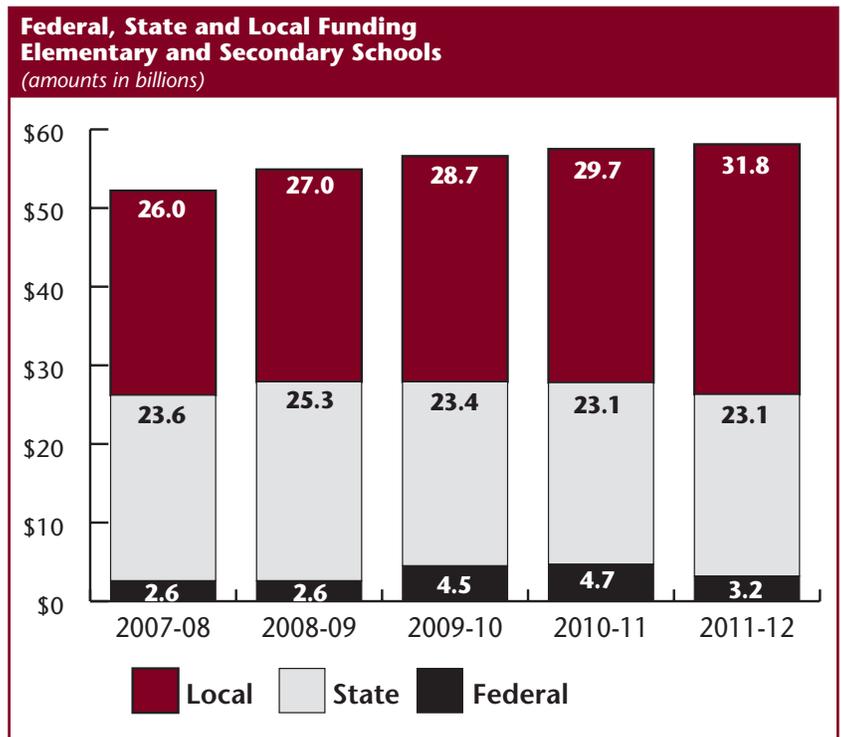
- In 2012, New York’s average electricity prices became the fourth highest average electricity prices in the United States.
- In 2010, 22.1 percent of the State’s electricity generation came from renewable resources.
- According to the U.S. Energy Information Agency, New York State ranked 50th among all states in total energy consumed per capita in 2011. (Wyoming was ranked first.)
- Also according to the U.S. Energy Information Agency, New York State ranked seventh among all states in total net electricity generation in 2012. (Texas was ranked first.)

**Agriculture**

- The value of agricultural production in New York State was over \$5.7 billion in 2012.
- New York is the nation’s fourth leading milk-producing state, with 13.2 billion pounds produced in 2012 and a preliminary value of nearly \$2.6 billion.
- According to the New York State Agricultural Society, New York ranked second among all states in the production of apples and maple syrup in 2012.

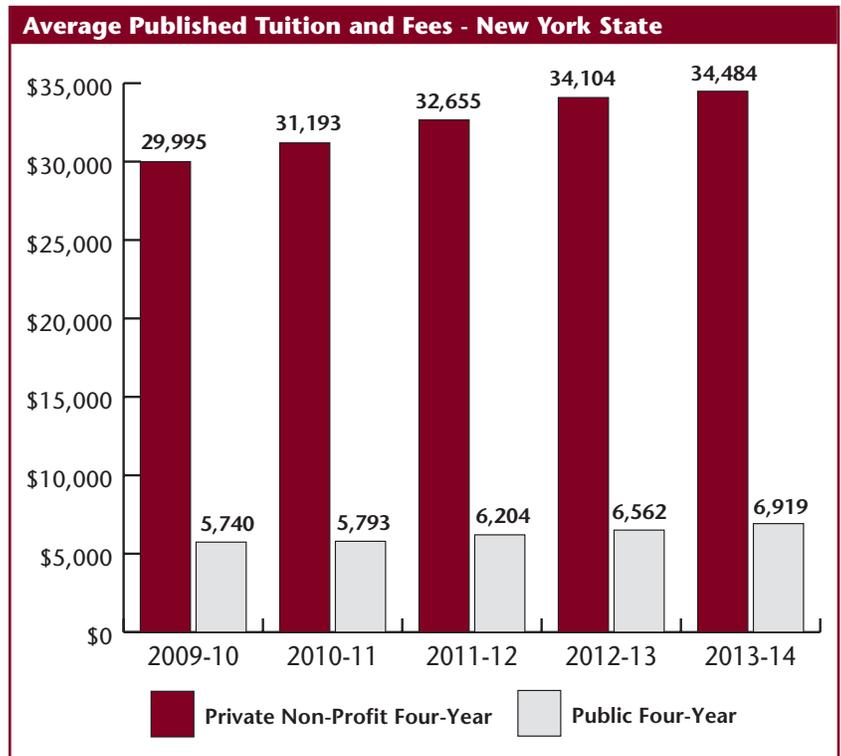
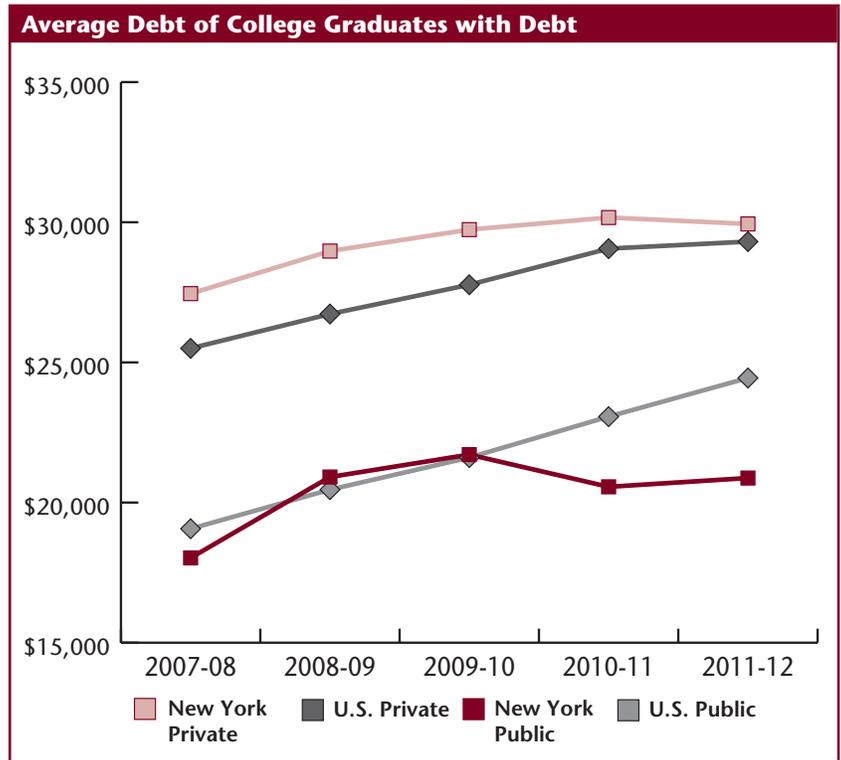
**ELEMENTARY AND SECONDARY EDUCATION**

- According to the U.S. Census Bureau, for the 2011-12 school year, New York was the highest among the states in per pupil expenditures for public elementary and secondary education, at \$19,552, representing an increase of 2.5 percent from the previous year. This amount is 84.3 percent higher than the national average of \$10,608 per pupil.
- Over the last five years, annual per pupil spending has increased an average of 3.3 percent in New York, compared to 0.8 percent for the nation.
- In 2011-12, support for public elementary and secondary schools came from State, local, and federal sources in the amounts of \$23.1 billion, \$31.8 billion, and \$3.2 billion, respectively. State support includes the School Tax Relief Program (STAR), totaling \$3.2 billion in 2011-12.
- In school budgets proposed for the 2014-15 school year, property tax levy increases averaged 1.9 percent. This is lower than the 3.1 percent increase last year, which had been in line with the 2.8 percent average annual increase from 2007 to 2012.



**HIGHER EDUCATION**

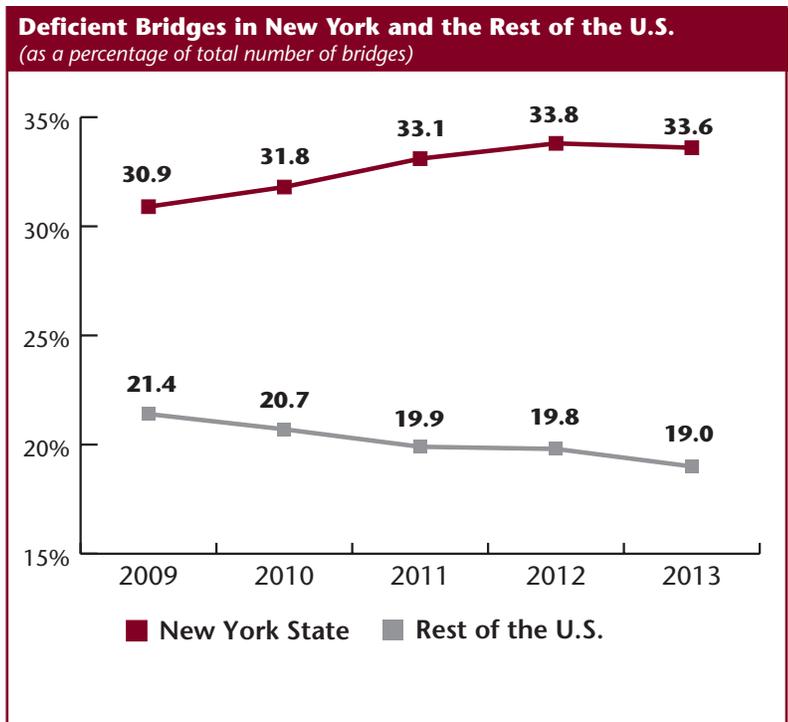
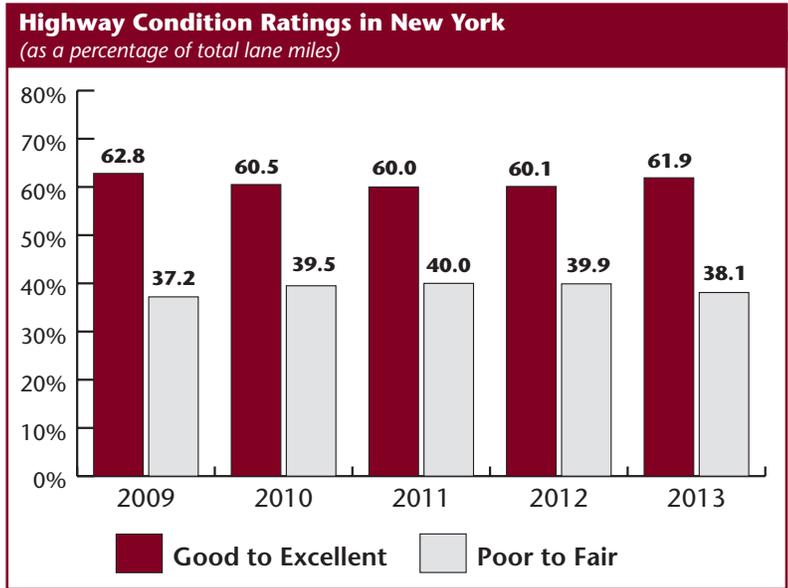
- In calendar year 2013, there were 898,635 full-time and 372,416 part-time students in degree-credit enrollments in New York higher education institutions. New York has a higher proportion of private colleges than most states, with 189 independent and proprietary colleges accounting for nearly 45 percent of statewide full-time equivalent (FTE) enrollment.
- Average costs of tuition and fees for full-time, in-state students in the 2013-14 academic year were \$7,220 for the State University of New York (SUNY) and \$6,123 for the City University of New York (CUNY). Average full-time tuition and fees at two-year community colleges totaled \$4,510 at SUNY and \$4,546 at CUNY.
- Nearly 372,000 students received State Tuition Assistance Program (TAP) awards in 2012-13 academic year, totaling \$931 million.
- The State spent \$264 per person on higher education in FY 2013-14, ranking New York 22nd in the nation for higher education spending per capita.
- In 2012, 60 percent of college graduates in New York left school with debt, which is down from 65 percent in 2008. The national average was 68 percent in 2008 and increased to 71 percent in 2012.



**TRANSPORTATION**

Data on the condition of highways and bridges, as provided by the State Department of Transportation, provide insight into the quality of infrastructure which is used daily by residents and businesses.

- The State is responsible for maintaining more than 42,600 lane miles of highway.
- The number of highway lane miles rated poor/fair has increased by 3.2 percent since 2009.
- In 2013, 61.9 percent of the State’s highways were rated good to excellent, a 0.9 percent decline since 2009.
- The State is responsible for maintaining more than 7,889 bridges, of which 33.6 percent were rated deficient in 2013 as compared to 30.9 percent in 2009.
- The State’s 2013 percentage of deficient bridges compares unfavorably to the nationwide percentage of 19 percent. A deficient rating means a bridge is either structurally or functionally deficient, but not a current safety threat.



## NEW YORK'S PUBLIC AUTHORITIES

Public authorities are legally separate entities that are created by government to provide services to the public as well as to State and local governments. While public authorities are generally supported through revenues derived from their activities, State and local governments do, in some cases, provide financial assistance and support for operating and other expenses. New Yorkers pay for public authorities in the form of rates, tolls or fees, and New York taxes offset authority-related tax exemptions and pay the debt service on certain authority-issued debt.

- As of December 31, 2013, the 19 public authorities shown in the chart below had debt outstanding of \$100 million or more. The aggregate debt outstanding, including refunding bonds, of these public authorities was more than \$175 billion, only a portion of which constitutes State debt.
- Public authorities and subsidiaries that submit annual employee data to the Comptroller via the Public Authorities Reporting Information System (PARIS) reported nearly 148,000 employees in 2013.\*
- Public authorities and subsidiaries that submit annual procurement data to the Comptroller via PARIS reported making payments of more than \$12 billion pursuant to contracts in 2013.\*

The fiscal stability of the State is related in part to the fiscal stability of certain public authorities closely related to the State. The State's access to public credit markets could be impaired if certain public authorities closely associated to the State were to default on their obligations.

\* The data contained in PARIS and used in this report is self-reported by the authorities.  
Not all authorities have complied with reporting requirements for 2013.

### Source: Office of the State Comptroller

<sup>(1)</sup> Includes only authorities with \$100 million or more in outstanding debt which are reported as component units or joint ventures of the State in the Comprehensive Annual Financial Report (CAFR). Includes short-term and long-term debt. Reflects original par amounts for bonds and financing arrangements or original gross proceeds in the case of capital appreciation bonds. Amounts outstanding do not reflect accretion of capital appreciation bonds or premiums received.

<sup>(2)</sup> All Job Development Authority (JDA) debt outstanding reported as of March 31, 2014. This includes \$7 billion in conduit debt issued by JDA's blended component units consisting of \$6.6 billion issued by New York Liberty Development Corporation (\$1.2 billion of which is also included in the amount reported for Port Authority of NY and NJ) and \$511 million issued by the Brooklyn Arena Local Development Corporation. In addition, JDA has \$12 million in State-guaranteed bonds outstanding.

<sup>(3)</sup> Includes debt previously issued by the New York State Medical Care Facilities Finance Agency, which was consolidated with the Dormitory Authority on September 1, 1995.

<sup>(4)</sup> Includes \$2.02 billion of Utility Debt Securitization Authority (UDSA) bonds. Chapter 173 of the Laws of 2013 established UDSA for the sole purpose of retiring certain outstanding indebtedness of the Long Island Power Authority (LIPA) through the issuance of restructuring bonds. UDSA is reported as a blended component unit of LIPA in LIPA's audited financial statements.

### Outstanding Debt of Certain Authorities <sup>(1)</sup> as of December 31, 2013 <sup>(2)</sup> (amounts in millions)

Authority	Total Debt	State-related Debt
Dormitory Authority <sup>(3)</sup>	\$46,296	\$25,277
Metropolitan Transportation Authority	24,698	346
Port Authority of NY & NJ	21,876	—
Thruway Authority	14,886	10,056
UDC/ESD	11,993	11,090
Housing Finance Agency	11,936	859
Triborough Bridge and Tunnel Authority	8,292	—
Job Development Authority <sup>(2)</sup>	7,123	12
Long Island Power Authority <sup>(4)</sup>	6,967	—
Environmental Facilities Corporation	6,803	645
Energy Research and Development Authority	3,434	—
State of New York Mortgage Agency	2,781	—
Local Government Assistance Corporation	2,592	2,592
Tobacco Settlement Financing Corporation	2,053	2,053
Power Authority	1,675	—
Battery Park City Authority	1,059	—
Municipal Bond Bank Agency	572	281
Niagara Frontier Transportation Authority	144	—
Bridge Authority	117	—
<b>TOTAL OUTSTANDING</b>	<b>\$175,297</b>	<b>\$53,211</b>

**LOCAL GOVERNMENT**

While the national economy has largely rebounded from the effects of the Great Recession, local governments in New York are still struggling to balance the increasing costs of providing services with continued constraints on their revenue sources. A State-enacted limitation on the annual growth in property tax levies, combined with often high levels of tax-exempt property, as well as slow growth in State and federal aid, have left local governments with few places to find needed revenue. Recognizing this, the Office of the State Comptroller (OSC) has instituted a monitoring system to track the fiscal stress conditions of local governments and to alert local officials. Additionally, OSC has released several in-depth studies of the fiscal situation of individual New York cities.

**Nearly 40 Percent of All Property Statewide Is Exempt From Real Property Taxes**

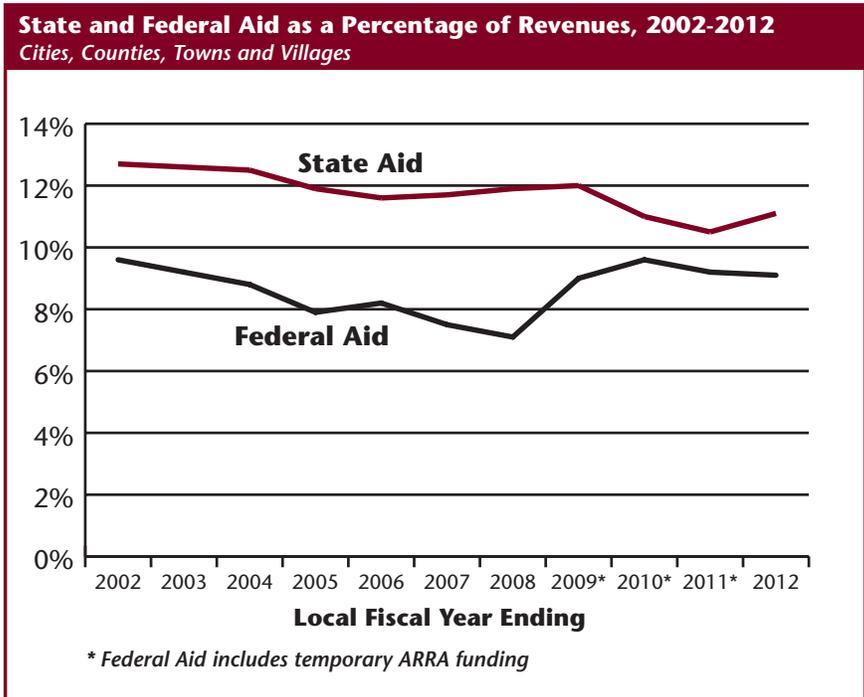
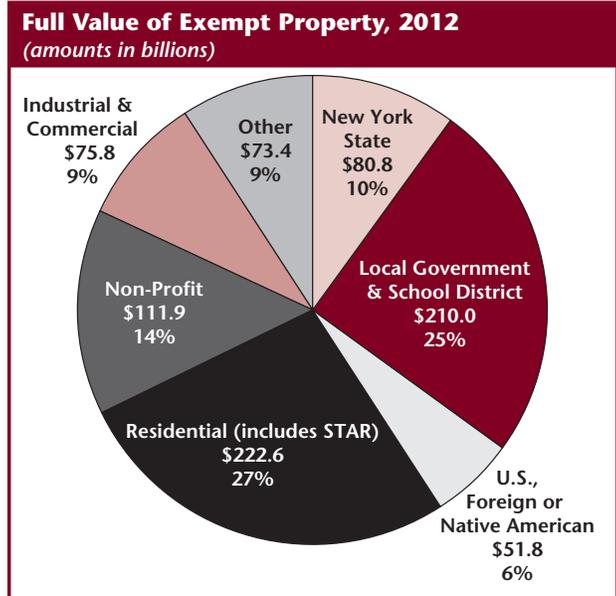
Real property taxes are the largest source of local government revenues overall, accounting for 39 percent of total local government revenue in the State in 2012. These taxes are levied only on taxable real property, so to the extent that some properties are exempt, owners of taxable property can carry a higher tax burden.

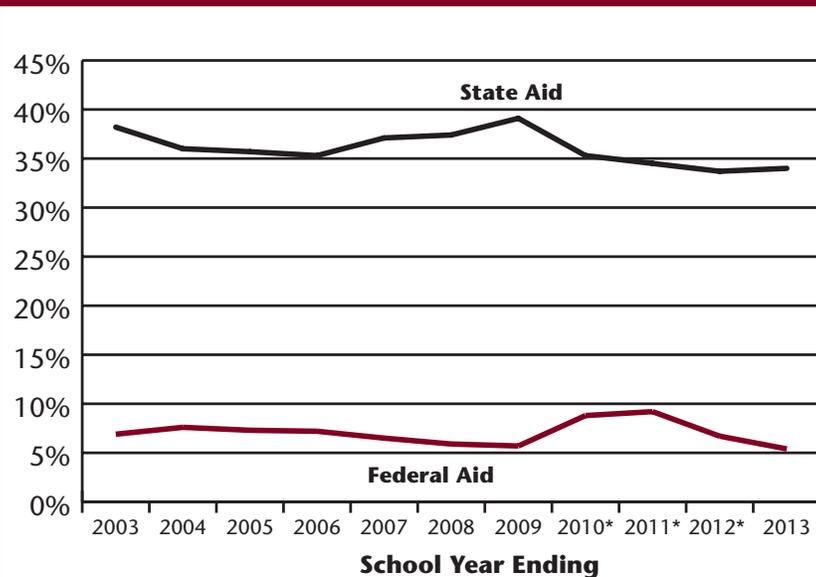
In 2012, the full market value of all real property in New York State was estimated at \$2.5 trillion with about a third, or \$826.3 billion, exempt from one or more types of property taxes. The percentage of total property value that is exempt from taxation ranges from less than 10 percent in several municipalities to more than 60 percent in others. Some of these property owners make payments in lieu of taxes (PILOTS).

Property owned by government entities – including the United States, New York State, local governments and school districts – is generally wholly tax exempt and makes up \$342.6 billion or 41 percent of the value of exempt property in the State. Residential properties have the largest number of exemptions, 4.1 million of the 4.6 million total in New York State. However, most of these are School Tax Relief (STAR) and other partial exemptions, which total \$222.6 billion or 27 percent of the total value of exempt property. STAR, which exempts a portion of the value of a taxpayer’s primary residence from school property tax, is reimbursed to school districts by the State.

**State and Federal Aid Is Declining as a Share of Local Government and School District Revenue**

Federal and State aid has been declining as a share of total local government revenues over the past decade. From local fiscal year ending (FYE) 2002 to FYE 2012, combined federal and State aid to counties, cities, towns and villages grew at an average rate of 2.0 percent annually, less than the rate of inflation (2.5 percent). The federal aid share declined through 2008, and then grew rapidly in 2009 and 2010 with the addition of temporary funds from the American Recovery and Reinvestment Act (ARRA) of 2009. State aid declined as a share of local government revenue from FYE 2009 to FYE 2012.



**State and Federal Aid as a Percentage of Revenues, 2003-2013***School Districts*

\* Federal Aid includes temporary ARRA funding

New York's school districts have faced similar reductions in State and federal aid. However, many school districts depend on State aid for half or more of their revenue, a much higher proportion than municipalities. After peaking at nearly 40 percent of total revenues, State aid has dropped to less than 35 percent. Although this reduction was partially offset by temporary federal increases, federal aid had already returned to pre-ARRA levels by school year 2013.

Reduced State and federal aid have caused municipalities and school districts to depend more heavily on local revenue sources. However, the ability of local governments to increase property tax revenues has been constrained since the institution of the real property tax levy limit for fiscal years starting in 2012.

**Local Governments' Fiscal Stress Levels Are Rising: New Monitoring System Established**

In response to the high and increasing pressures on local governments and school districts, OSC has instituted a new Fiscal Stress Monitoring System. The System uses a number of financial and environmental stress indicators to generate scores for every local government and school district in the State. Thus far, data and scores have been released for local governments and school districts with fiscal years ending from December 31, 2012 to July 31, 2013. Findings from these releases include:

- The vast majority of calendar year local governments (92.1 percent) did not exhibit a severity of stress that would cause them to be placed in one of the System's three stress categories;
- Fiscally stressed local governments are found in all regions of the State, but downstate municipalities are nearly three times more likely to be in some sort of fiscal stress than their upstate counterparts;
- All local governments in fiscal stress had low fund balances and most had chronic operating deficits or low liquidity;
- More than a third of the fiscally stressed local governments had issued short-term debt to fund operations on a regular basis;
- Fiscally stressed cities rely more on State and federal aid than all other cities, which can cause further stress because aid programs can be volatile; and
- For school districts, 12.9 percent were in some degree of fiscal stress, and upstate school districts were slightly more likely to be in stress than downstate districts.

**City Fiscal Profiles Detail Stress Levels in Individual Local Governments**

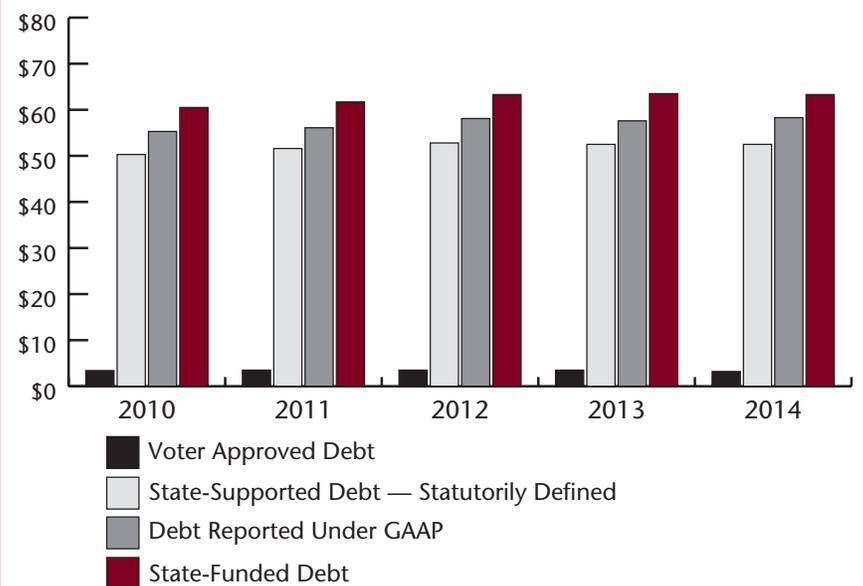
Since December 2012, OSC has released 16 fiscal profiles of cities across New York State. The profiles are part of the Comptroller's fiscal stress initiative, and each is designed to provide a snapshot of a municipality's demographic, social and economic situation, as well as its fiscal condition. The reports look at a city's population changes, budget expenditures and revenues, tax base information and current budget conditions.

## DEBT

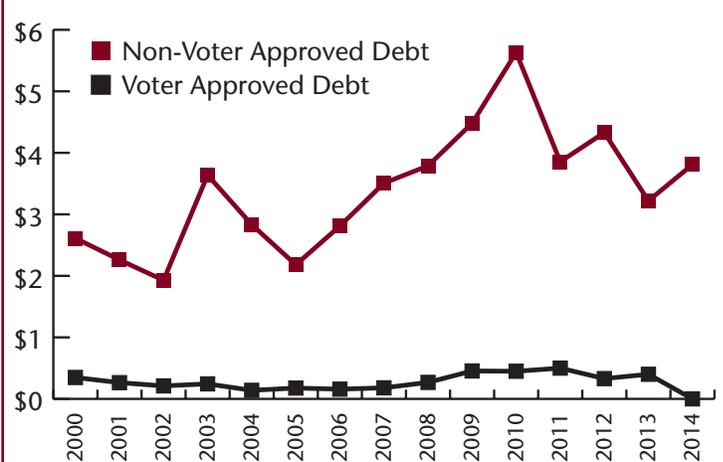
The debt burden of a governmental entity directly affects its ability to provide current services as well as its long-term fiscal health. Existence of high levels of government borrowing may:

- Indicate that the State is unable to support current programs with current revenues.
- Force future program reductions, increased taxation or additional borrowing when future resources are needed to repay debt.
- Limit capacity to finance additional capital assets, budgetary deficits and capital grants.
- Several different measurements of the State's debt burden are reported at March 31, 2014:
  - Constitutionally recognized (voter approved) general obligation debt (\$3.2 billion).
  - State-Supported debt as statutorily defined in the Debt Reform Act of 2000 (\$52.5 billion).
  - Debt reported in accordance with full accrual accounting - GAAP (\$58.3 billion).
  - State-Funded debt (\$63.3 billion). This category has been defined by the State Comptroller as a comprehensive measurement of the State's debt burden. It includes all instances where the State makes payments with State resources, directly or indirectly, to a public authority, bank trustee or municipal issuer to enable them to make payments on debt issued for State purposes. Approximately 95 percent of the debt counted within this category was issued by public authorities and without voter approval.
- Since 2010, State-Funded debt increased by 5 percent while voter approved debt, by far the smallest category of debt, decreased by 6 percent. State-Supported debt and debt recognized in accordance with GAAP increased 4 percent and 5 percent, respectively.
- In 2013, New York State was the second most-indebted state behind California, and had nearly twice as much debt as the third most-indebted state (New Jersey). New York State also ranked fifth among all states in debt per person.
- On March 31, 2014, New York's State-Funded debt outstanding per person was \$3,224, which was equal to 6 percent of personal income.
- The SFY 2014-15 Enacted Budget Five-Year Capital Program and Financing Plan projects that the State will issue 1.3 times more debt than it will retire, with \$26.1 billion in new State-Supported debt issuance and \$19.6 billion in State-Supported debt retirement, through March 31, 2019. The State is experiencing a period of reduced debt capacity in part due to excessive use of debt in the past and recent economic conditions.
- Based upon scheduled repayment dates, the State's accumulated deficit financing (\$4.9 billion as of March 31, 2014) will not be fully repaid until fiscal year 2026. This includes bonds issued by the New York Local Government Assistance Corporation (LGAC), the Municipal Bond Bank Agency (MBBA), and the Tobacco Settlement Financing Corporation (TSFC). There is an additional \$2.1 billion in debt outstanding associated with budget relief issued by the Sales Tax Asset Receivable Corporation (STARC), which will not be fully repaid until 2034, as well as debt associated with the sale of Attica Correctional Facility.

**New York's Debt**  
(amounts in billions)



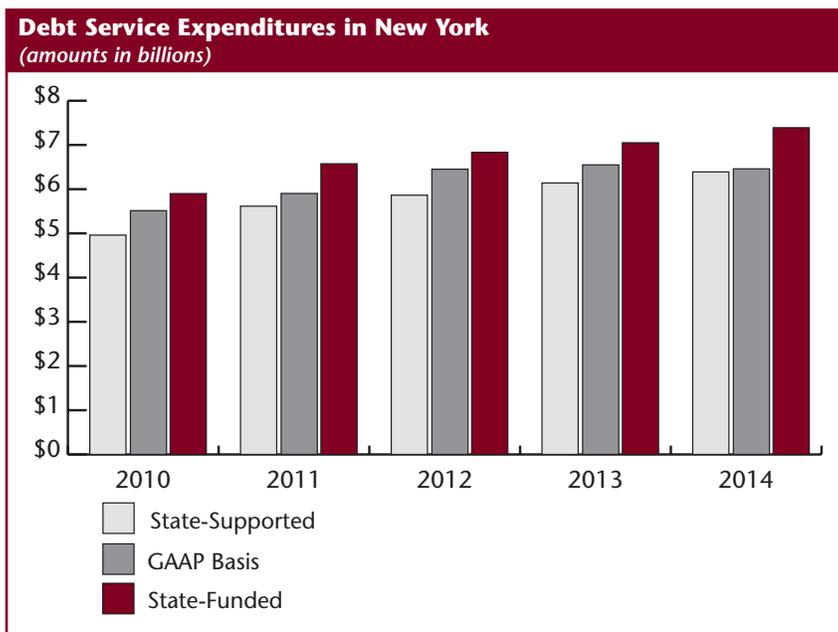
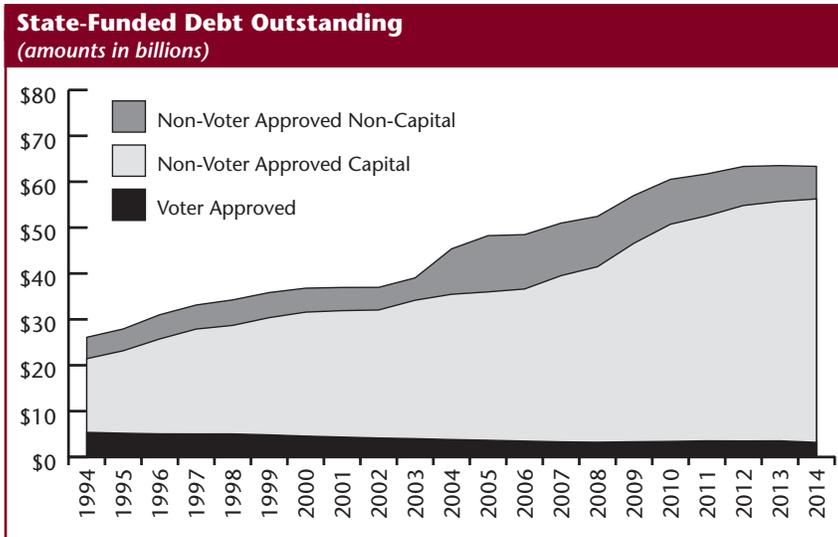
**State Debt Issuance**  
(amounts in billions)



■ Debt service has historically been one of the fastest growing categories of the budget. In SFY 2013-14, \$668 million in State-Supported debt service initially planned for SFY 2014-15 was paid early, artificially increasing disbursements in SFY 2013-14 and lowering disbursements in SFY 2014-15. State-Funded debt service totaled \$7.5 billion in SFY 2013-14 and is expected to grow to \$8.6 billion by 2019 based on projected issuance and retirement amounts from New York State and New York City.

■ Significant differences exist between debt reported under the State-Funded measurement criteria (cash reporting) and debt reported under Generally Accepted Accounting Principles (GAAP): State-Funded debt includes certain obligations that are not recognized as a State liability under GAAP, including the \$2.1 billion in STARC bonds outstanding issued in fiscal year 2005 that will be repaid from future sales tax revenues of the State and \$6.1 billion in bonds outstanding issued by New York City's Transitional Finance Authority (TFA) since fiscal year 2007 that will be repaid with pledged local assistance payments from the State; debt reported under GAAP but not counted in the State-Funded debt measurement includes bond premiums (\$3.5 billion), accumulated accretion on capital appreciation bonds (\$42 million), and certain vendor financed capital lease obligations and mortgage loan commitments (\$303 million). State-Funded debt also includes \$440 million in obligations for State University of New York dormitory facilities that will be reported in the State's 2015 CAFR.

■ The State's general obligation bond ratings on March 31, 2014 were assigned as follows: Aa2 by Moody's Investors Service, AA by Fitch Ratings, and AA by Standard & Poor's (S&P) Rating Services. These ratings are two steps below AAA, the highest investment grade rating. In June 2014, the ratings for general obligation bonds were upgraded to AA+ by Fitch Ratings and Aa1 by Moody's Investors Service and, in July 2014, S&P upgraded its rating of the State's general obligation bonds to AA+. With these upgrades, the ratings on the State's general obligation bonds are one step below AAA.



## ECONOMIC AND DEMOGRAPHIC TRENDS

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Economic and demographic trends affect both the demand for State services (such as education, Medicaid, social services and economic development) and the level of revenues that can be generated to support these services.

During 2013, the nation and New York continued to recover from the most serious recession since the Great Depression. Employment in the nation neared its pre-recession level, while employment in New York reached a record high. By March 2014, unemployment rates in both the nation and the State had fallen considerably from their recessionary peaks, although the rates remained higher than before the recession.

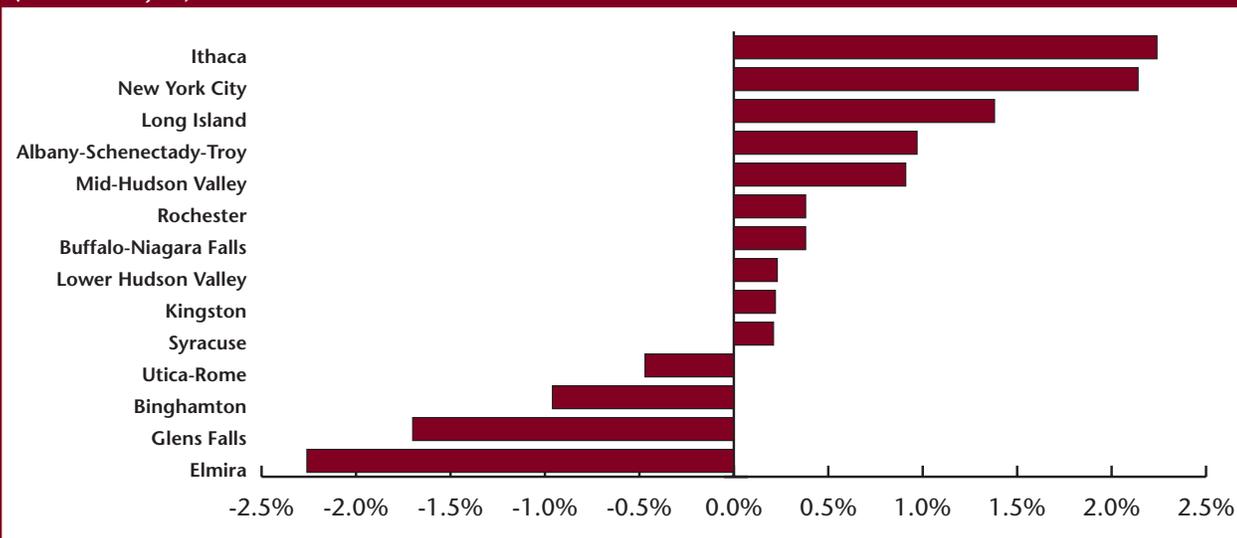
More specific trends are highlighted below.

- New York's population reached a record high of 19.7 million in 2013, which ranked third among all states, following California and Texas. New York's population grew by 3.4 percent, or 650,000 people, between 2000 and 2013. The population increase was concentrated in New York City and its suburbs (Nassau, Rockland, Suffolk and Westchester counties).
- New York added 362,900 jobs between 2009 (when the recovery began) and 2013, which ranked third among all states. The increase represented an employment gain of 4.2 percent, which ranked 18th among all states. Employment rose by 1.3 percent in 2013 (similar to the rates of growth in 2011 and 2012) to reach a record high of 8.9 million jobs, which exceeded the pre-recession level by 125,900 jobs.
- Job growth has been uneven across the State, and by the end of 2013 only four areas (New York City, Long Island and the metropolitan areas of the Mid-Hudson Valley and Ithaca) had regained all the jobs they lost during the recession. In 2013, the fastest growth occurred in the Ithaca metro area and in New York City. New York City added 83,100 jobs in 2013, which represented three-quarters of the job growth statewide.
- In 2013, statewide job growth continued to be concentrated in lower-paying sectors, such as in trade, leisure and hospitality (i.e., tourism), and educational and health care services. (Overall, more than three-quarters of all jobs created in the State between 2009 and 2013 were in low-paying sectors.) Among higher-paying sectors, job growth was strong in construction, and in professional and business services. Government, manufacturing and financial activities all lost jobs in 2013, continuing the previous year's trend.
- The unemployment rate fell from a peak of 8.9 percent in December 2009 to 6.9 percent in March 2014, but it remained above the pre-recession level (4.3 percent) and the national level (6.7 percent). Although the unemployment rate declined, many residents struggle with long-term unemployment. In March 2014, more than a third of the unemployed people in the State had been out of work for six months or longer.
- The securities industry is one of the economic engines of the New York economy. The Office of the State Comptroller (OSC) estimates that the industry generated nearly 16 percent of State tax revenues in SFY 2012-13 and provided 11 percent of all wages paid in the State in 2013.
- Broker/dealer profits of the member firms of the New York Stock Exchange (the traditional measure of securities industry profitability) declined by 30 percent to \$16.7 billion in 2013, but profitability was still good by historical standards. The industry got off to a good start in the first quarter of 2014 with profits of \$5.3 billion, even though profitability was held down by litigation costs related to the financial crisis.
- In New York City (where 90 percent of the securities industry jobs in the State are located), the industry continued to shed jobs in 2013. By the end of the year, it was nearly 14 percent smaller than before the financial crisis. OSC estimated that bonuses (including compensation deferred from prior years) for securities industry employees in New York City increased by 15 percent to an average of \$164,530 in 2013.

**Employment Levels and Job Growth in New York State by Industry**  
**Percentage change compared to one year earlier**  
*(levels are in thousands of jobs)*

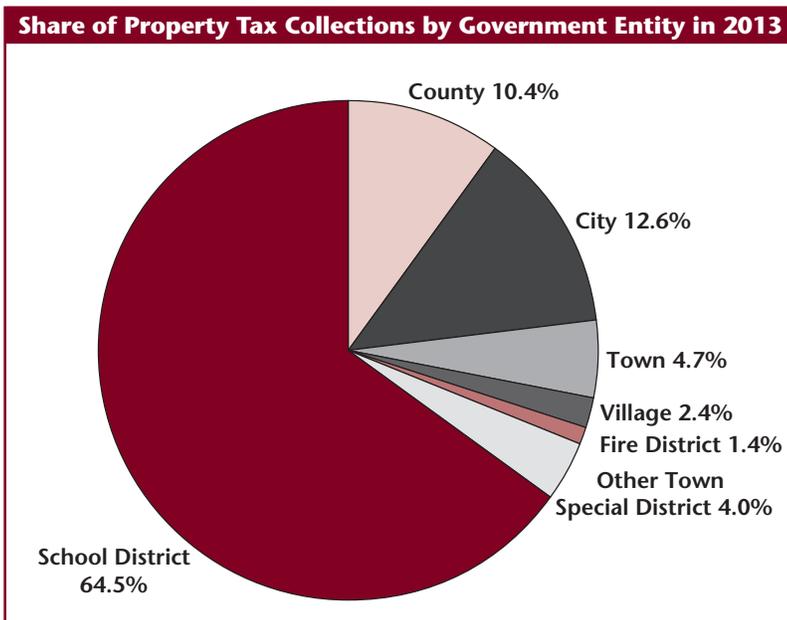
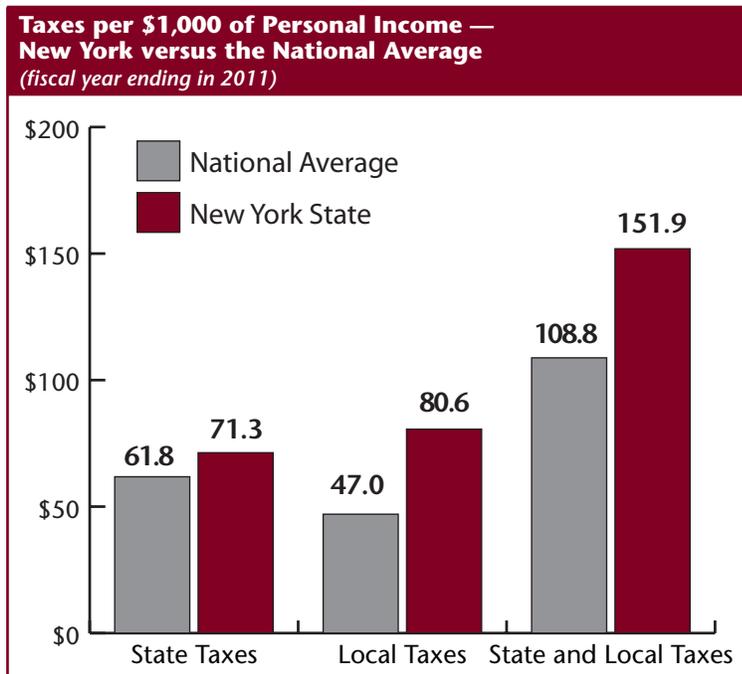
	<b>2013 Level</b>	<b>Jobs Gained/(Lost) from 2012</b>	<b>Percentage Change</b>
Manufacturing	454.9	(4.3)	-0.9%
Construction	328.9	9.8	3.1%
Trade, Transportation & Utilities	1,525.6	16.1	1.1%
Information	260.4	1.3	0.5%
Financial Activities	681.3	(2.2)	-0.3%
Professional and Business Services	1,202.2	31.1	2.7%
Educational and Health Services	1,792.8	39.4	2.2%
Leisure and Hospitality	832.5	28.5	3.5%
Other Services	385.1	5.5	1.4%
Government	1,444.1	(14.6)	-1.0%
<b>Total Nonfarm Employment</b>	<b>8,908.5</b>	<b>110.6</b>	<b>1.3%</b>

**Change in Employment by Metro Area — 2013**  
*(thousands of jobs)*

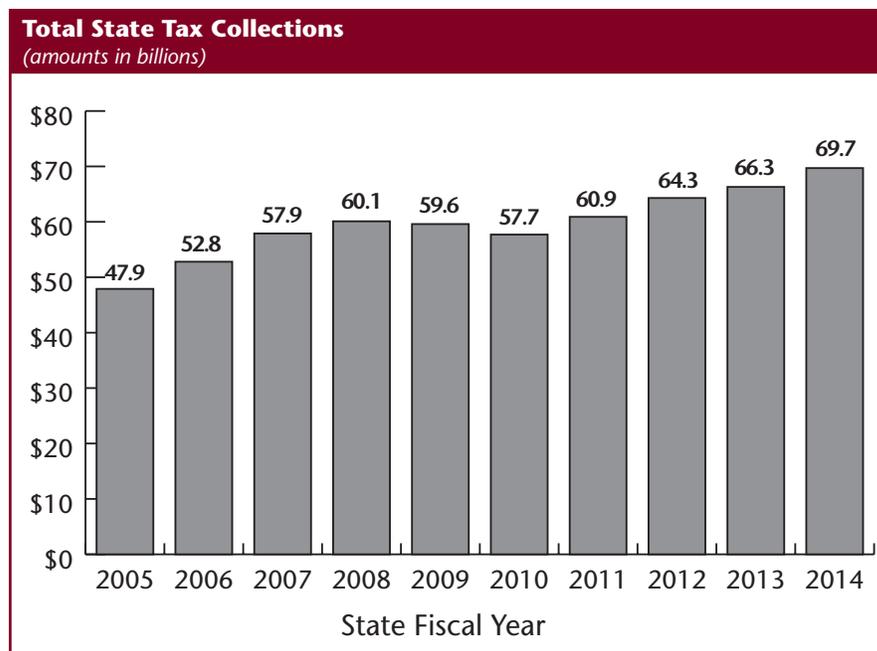
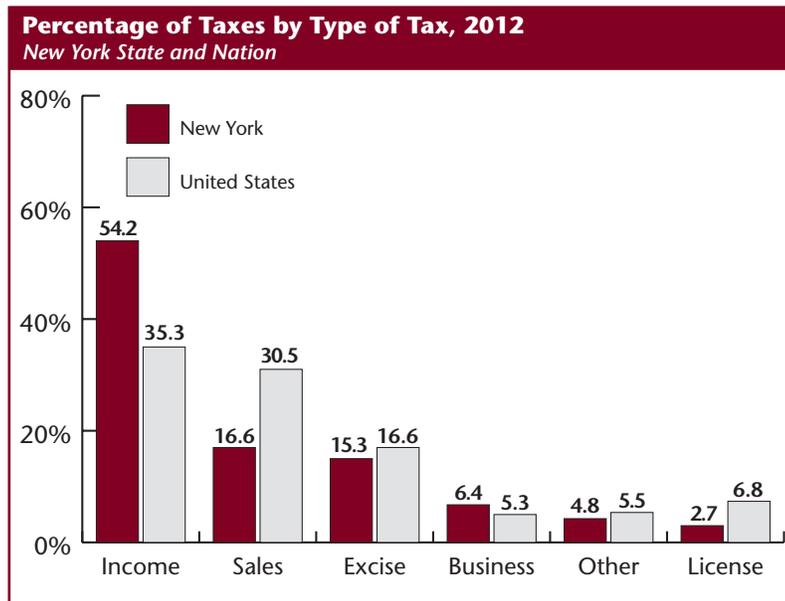


**TAXES: WHERE NEW YORK STANDS**

- In 2011 (the latest year for which national data is available), New York’s combined State and local tax revenues per \$1,000 of personal income were 39.7 percent above the national average. Local taxes were 71.6 percent above the national average while State taxes were 15.5 percent above the national average.
- New York has the third highest combined State and local taxes as a percentage of personal income in the nation, with local taxes ranking first and State taxes ranking fifteenth.
- Local property tax levies grew by 68 percent from 2003 to 2013, roughly two-and-a-half times the rate of inflation during the period (27 percent).
- In 2013, New York State’s local governments and other taxing jurisdictions collected almost \$53 billion in property tax. Nearly two-thirds was collected by school districts.
- New York relies more heavily on the Personal Income Tax as a source of revenue than most states. Only Oregon and Virginia have higher dependence.



- In 2012, Personal Income Tax as a percentage of total taxes was 54.2 percent in New York while the national average was 35.3 percent. Conversely, Sales Tax revenue made up only 16.6 percent of total taxes in New York, compared to 30.5 percent as a nation.
- Total New York State tax collections grew by 45.5 percent between SFY 2005 and SFY 2014, to \$69.7 billion, with over 68 percent of the growth occurring in Personal Income Tax collections.



**IMPLICATIONS FOR THE FUTURE**

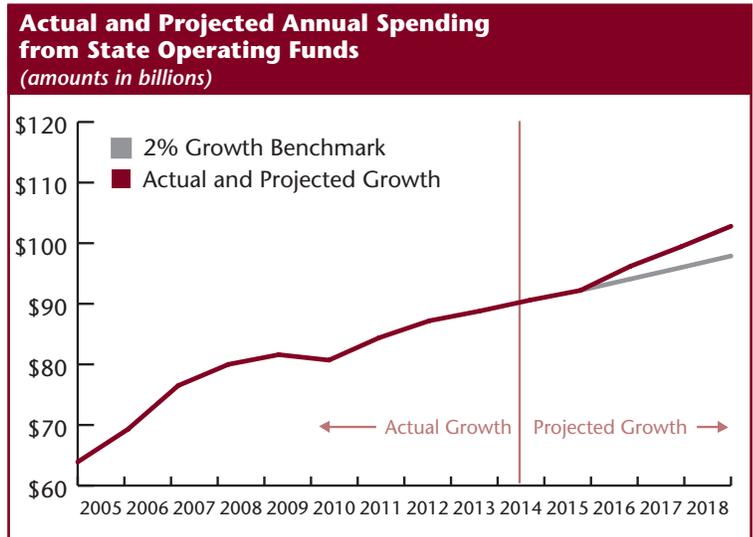
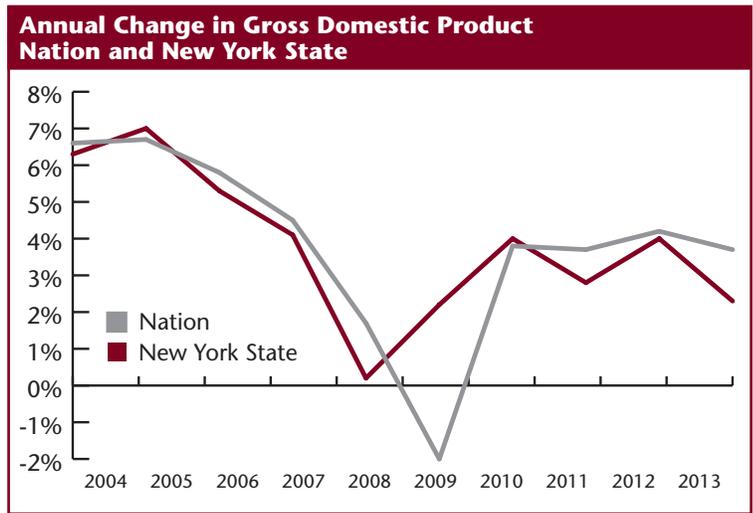
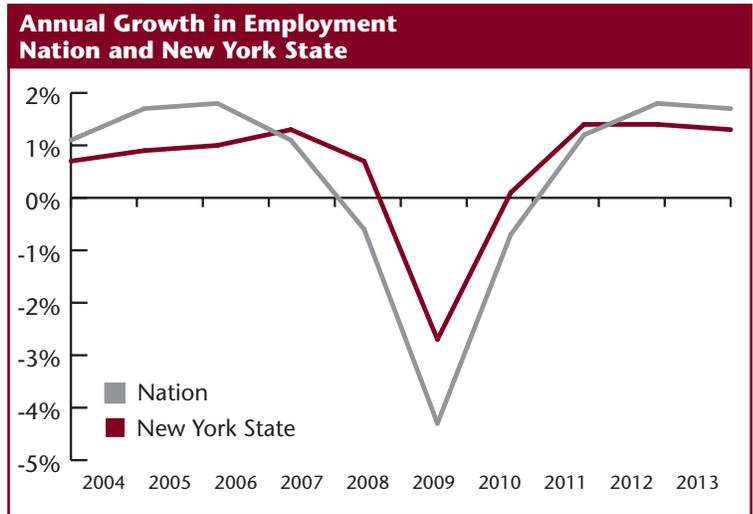
The State and national economies continue to show signs of improvement after the significant toll taken by the Great Recession. Growth in New York’s Gross State Product and the nation’s Gross Domestic Product is projected to return to pre-recession levels this year after relative weakness in 2013. While recent data is encouraging, concerns remain about the pace and durability of the national economic recovery. In addition, while the State’s employment trends outperformed the nation’s during and immediately after the recession, over the past two years New York’s job growth has returned to levels below the national average.

Budgetary actions taken over the past several years, including the imposition of statutory limits on growth in education and Medicaid expenditures, have reduced the State’s structural imbalance between revenues and expenditures. However, challenges remain. The SFY 2014-15 Enacted Budget includes over \$5 billion in State-sourced non-recurring or temporary resources. Based on Budget Division projections of receipts and disbursements, the Office of the State Comptroller estimates that projected gaps in the coming three years average more than \$2.5 billion annually. While the level of such projected gaps has declined, they remain cause for concern.

Since the current budget was enacted, the State has received well over \$3 billion in non-recurring resources that were not part of the Enacted Budget Financial Plan. Non-recurring resources may appropriately be used for certain expenditures such as repayment of high-cost debt, one-time capital investments, building reserves or other non-recurring expenditures. By contrast, their use for general ongoing budgetary expenditures exacerbates the State’s structural imbalance and should be avoided.

The Executive has also established a two percent benchmark for annual spending growth from State Operating Funds. According to the First Quarterly Update of the SFY 2014-15 Enacted Budget Financial Plan, if spending were limited to two percent growth annually through SFY 2017-18, the State could realize a surplus exceeding \$1.4 billion by SFY 2017-18. However, to stay within this benchmark and realize such a surplus, more than \$10 billion in spending actions will need to be taken to reduce current spending projections over the next three years. Average annual growth in State Operating Funds spending between SFY 2004-05 and SFY 2013-14 was 4.0 percent, and baseline spending projections for SFY 2015-16 through SFY 2017-18 are 3.7 percent, on average. It is not clear where potential reductions from such baseline growth would be targeted, or what the impact of any such reductions might be.

The State’s debt capacity, as measured by the statutory cap on State-Supported debt outstanding, is currently projected to shrink to \$421 million in SFY 2016-17. This decline is partially due to recent economic conditions, but also to the increased issuance of debt, especially in the years leading up to and including the Great Recession. Through the end of SFY 2013-14, the Executive has managed the timing of debt-financed capital spending, among other things, to preserve debt capacity.

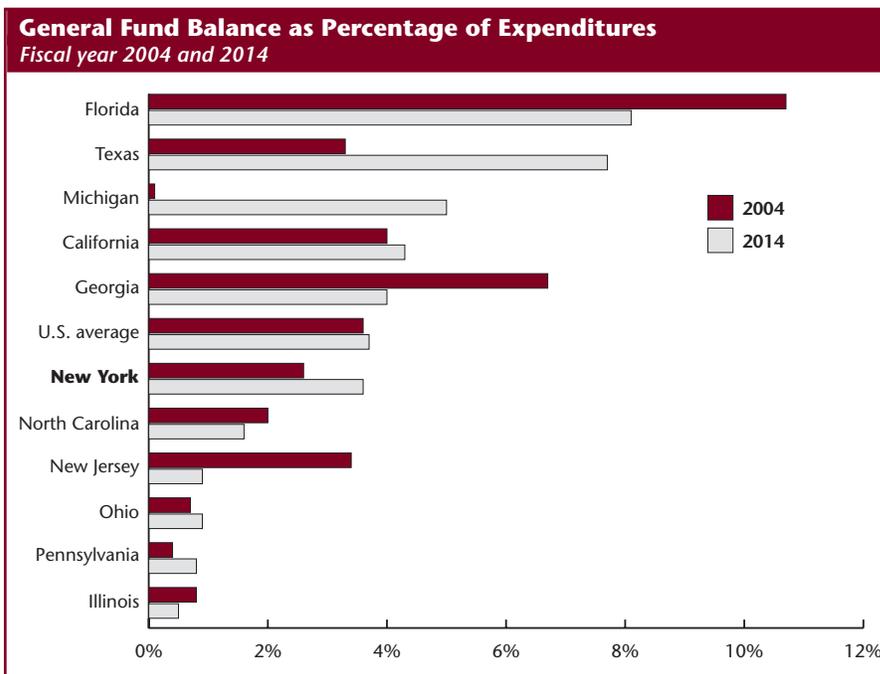
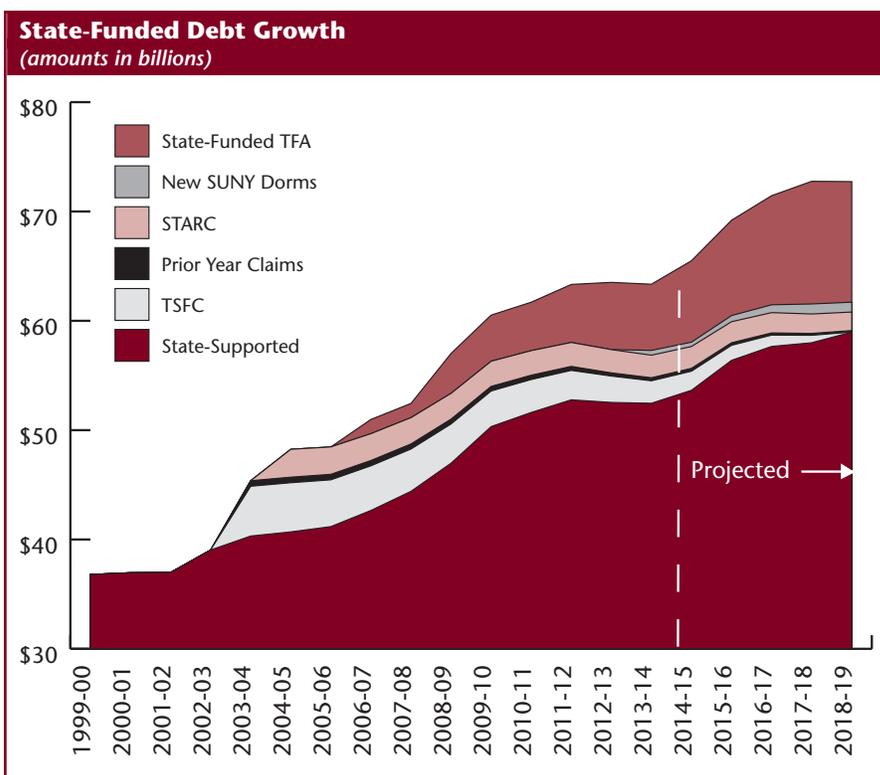


Additionally, the SFY 2013-14 Enacted Budget created a new financing structure which removed certain new debt associated with State University of New York dormitories from the State’s budget, financial and capital plans and statutory debt caps. Debt service for dormitory bonds issued under the old construct was also removed from both the financial and capital plans, partially obscuring the State’s true debt burden.

State-Supported debt has increased an average of 2.7 percent annually from the Debt Reform Act’s adoption in 2000 through SFY 2013-14. However, when including all the other debt that is funded solely with State resources (i.e., State-Funded debt), average annual growth in debt increases to 4.2 percent. The SFY 2014-15 Enacted Budget authorizes approximately \$7.6 billion in new debt.

While New York has long trailed the national average as well as a number of similar-sized states in fund balance and reserves as a percentage of spending, the State has increased its reserves over the last 10 years, largely through the creation of a new Rainy Day reserve fund in 2007. Reserves held by other large states, and the national average among all 50 states, total over 4 percent of spending. New York’s total fund balance as of March 31, 2014, increased to 3.6 percent of expenditures largely because of non-recurring revenue received in SFY 2013-14 and because of lower-than-anticipated spending. However, if adjusted for the nearly \$1.4 billion in prepayments made at the end of the year, the State’s fund balance would have been significantly higher.

Going forward, the State’s heavy reliance on the financial sector requires recognition of the volatility that is inherent in New York’s personal income tax, some of its business tax revenues and in certain sources of miscellaneous receipts. On a year-over-year basis, Personal Income Tax collections jumped in April 2013 and fell sharply a year later because of taxpayer response to changes in federal capital gains taxes. New York City’s status as an international capital of finance is a key factor in the State’s collection of billions of dollars in settlements from large financial corporations in recent months — with the possibility of more such settlements to come. The inherent difficulty in projecting such revenues is among the reasons the State must do more to build budgetary reserves and work to reduce structural deficits in the years ahead.



**APPENDIX 1****STATE FUNDS SPENDING BY MAJOR SERVICE FUNCTION <sup>(1)</sup>***(amounts in millions)*

<b>State Funds Spending for the Fiscal Year Ended March 31:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>EDUCATION</b>	<b>\$32,304</b>	<b>\$35,087</b>	<b>\$33,963</b>	<b>\$35,050</b>	<b>\$35,672</b>
Public Schools	20,022	23,466	21,440	22,231	22,534
School Tax Relief (STAR)	3,411	3,234	3,233	3,286	3,357
State University of New York	6,208	6,120	6,904	7,134	7,242
City University of New York	1,638	1,310	1,335	1,366	1,463
Tuition Assistance Program	847	815	926	893	944
Higher Education Services Corporation	132	95	91	117	106
Cultural Programs	46	47	34	23	26
<b>STAR PROPERTY TAX REBATES</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>PUBLIC HEALTH</b>	<b>21,422</b>	<b>21,797</b>	<b>25,384</b>	<b>25,365</b>	<b>25,236</b>
Health and Mental Health Services	9,011	8,498	8,800	7,683	7,636
Medical Assistance (Medicaid)	12,411	13,299	16,584	17,682	17,600
<b>PUBLIC WELFARE</b>	<b>4,128</b>	<b>3,911</b>	<b>3,945</b>	<b>3,934</b>	<b>3,903</b>
Public Welfare	3,694	3,499	3,561	3,460	3,497
Public Housing	235	205	180	244	198
Employment Services	199	207	204	230	208
<b>PUBLIC SAFETY</b>	<b>4,330</b>	<b>3,925</b>	<b>3,902</b>	<b>4,171</b>	<b>3,968</b>
Criminal Justice & Correctional Alternatives	1,323	1,185	1,007	968	958
Emergency Management & Security Services	119	112	181	263	188
Prisons and Reformatories	2,888	2,628	2,714	2,940	2,822
<b>TRANSPORTATION</b>	<b>6,028</b>	<b>6,474</b>	<b>6,488</b>	<b>6,616</b>	<b>6,831</b>
Traffic Safety	225	219	205	184	191
Transportation	5,803	6,255	6,283	6,432	6,640
<b>ENVIRONMENT AND RECREATION</b>	<b>939</b>	<b>864</b>	<b>799</b>	<b>899</b>	<b>939</b>
Environmental Protection	561	558	532	642	627
Parks, Recreation & Historic Preservation	378	306	267	257	312
<b>SUPPORT AND REGULATE BUSINESS</b>	<b>1,001</b>	<b>1,240</b>	<b>1,394</b>	<b>1,071</b>	<b>1,192</b>
Commerce, Industry & Agriculture	738	994	1,160	577	682
Regulate Business	263	246	234	494	510
<b>SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS</b>	<b>1,274</b>	<b>1,058</b>	<b>976</b>	<b>977</b>	<b>1,119</b>
<b>REPAY BORROWED MONEY AND REDUCE DEBT</b>	<b>4,961</b>	<b>5,615</b>	<b>5,864</b>	<b>6,138</b>	<b>6,437</b>
<b>GENERAL GOVERNMENT</b>	<b>9,655</b>	<b>10,148</b>	<b>10,479</b>	<b>10,301</b>	<b>11,058</b>
Executive Agencies	1,171	1,079	1,045	1,089	1,253
Office of the State Comptroller	177	174	168	170	169
Office of the Attorney General	182	168	167	159	161
Legislature	226	223	197	203	208
Court Administration	2,005	2,028	1,949	1,927	1,942
Pension Contributions & Other Employee Benefits	5,457	6,060	6,530	6,351	6,922
Other	437	416	423	402	403
<b>TOTAL STATE FUNDS SPENDING</b>	<b>\$86,044</b>	<b>\$90,119</b>	<b>\$93,194</b>	<b>\$94,522</b>	<b>\$96,355</b>

<sup>(1)</sup> In April 2012, New York State implemented a new central accounting system, the Statewide Financial System (SFS), and a new chart of accounts structure. Functional categories may not be comparable to prior years.

**APPENDIX 2****FEDERAL FUNDS SPENDING BY MAJOR SERVICE FUNCTION <sup>(1)</sup>***(amounts in millions)*

<b>Federal Funds Spending for the Fiscal Year Ended March 31:</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>EDUCATION</b>	<b>\$4,619</b>	<b>\$6,566</b>	<b>\$5,188</b>	<b>\$3,679</b>	<b>\$4,193</b>
Public Schools	4,227	6,062	4,879	3,382	3,883
State University of New York	311	403	302	291	302
City University of New York	14	33	—	—	3
Tuition Assistance Program	62	59	1	—	—
Higher Education Services Corporation	4	8	4	6	5
Cultural Programs	1	1	2	—	—
<b>PUBLIC HEALTH</b>	<b>27,652</b>	<b>29,094</b>	<b>26,383</b>	<b>25,949</b>	<b>26,913</b>
Health and Mental Health Services	1,319	1,599	1,582	1,812	1,956
Medical Assistance (Medicaid)	26,333	27,495	24,801	24,137	24,957
<b>PUBLIC WELFARE</b>	<b>5,632</b>	<b>5,623</b>	<b>5,561</b>	<b>5,232</b>	<b>5,477</b>
Public Welfare	5,045	5,057	5,039	4,688	4,944
Public Housing	13	16	31	38	25
Employment Services	574	550	491	506	508
<b>PUBLIC SAFETY</b>	<b>579</b>	<b>518</b>	<b>593</b>	<b>1,532</b>	<b>2,029</b>
Criminal Justice & Correctional Alternatives	374	255	406	112	86
Emergency Management & Security Services	184	233	183	1,420	1,943
Prisons and Reformatories	21	30	4	—	—
<b>TRANSPORTATION</b>	<b>1,572</b>	<b>1,785</b>	<b>1,530</b>	<b>1,521</b>	<b>1,746</b>
Traffic Safety	17	19	22	24	26
Transportation	1,555	1,766	1,508	1,497	1,720
<b>ENVIRONMENT AND RECREATION</b>	<b>201</b>	<b>415</b>	<b>386</b>	<b>327</b>	<b>352</b>
Environmental Protection	192	408	377	319	343
Parks, Recreation & Historic Preservation	9	7	9	8	9
<b>SUPPORT AND REGULATE BUSINESS</b>	<b>11</b>	<b>13</b>	<b>17</b>	<b>19</b>	<b>19</b>
Commerce, Industry & Agriculture	10	12	15	17	18
Regulate Business	1	1	2	2	1
<b>SHARE GENERAL REVENUES WITH LOCAL GOVERNMENTS</b>	<b>229</b>	<b>274</b>	<b>317</b>	<b>36</b>	<b>78</b>
<b>GENERAL GOVERNMENT</b>	<b>338</b>	<b>418</b>	<b>335</b>	<b>280</b>	<b>364</b>
Executive Agencies	71	129	40	12	11
Office of the Attorney General	27	23	25	24	25
Court Administration	6	6	7	5	5
Pension Contributions and Other Employee Benefits	234	260	263	239	323
<b>TOTAL FEDERAL FUNDS SPENDING</b>	<b>\$40,833</b>	<b>\$44,706</b>	<b>\$40,310</b>	<b>\$38,575</b>	<b>\$41,171</b>

<sup>(1)</sup> In April 2012, New York State implemented a new central accounting system, the Statewide Financial System (SFS), and a new chart of accounts structure. Functional categories may not be comparable to prior years.

### APPENDIX 3 STATE RECEIPTS BY MAJOR SOURCE

(amounts in millions)

State Receipts for the Fiscal Year Ended March 31:	2010	2011	2012	2013	2014
<b>TOTAL TAXES</b>	<b>\$57,667</b>	<b>\$60,869</b>	<b>\$64,299</b>	<b>\$66,300</b>	<b>\$69,690</b>
<b>PERSONAL INCOME TAX</b>	<b>34,751</b>	<b>36,209</b>	<b>38,768</b>	<b>40,227</b>	<b>42,961</b>
<b>CONSUMER TAXES</b>	<b>12,852</b>	<b>14,205</b>	<b>14,571</b>	<b>14,616</b>	<b>15,100</b>
Sales and Use	10,527	11,538	11,875	11,989	12,588
Cigarette/Tobacco Products	1,366	1,616	1,633	1,551	1,454
Motor Fuel	507	516	502	493	473
Alcoholic Beverage	226	230	238	246	250
Highway Use	137	129	132	145	136
Auto Rental	76	95	104	109	114
MCTD Taxicab Trip	13	81	87	83	85
<b>BUSINESS TAXES</b>	<b>7,458</b>	<b>7,279</b>	<b>7,878</b>	<b>8,463</b>	<b>8,258</b>
Corporation Franchise	2,511	2,846	3,176	3,009	3,812
Corporation and Utilities	953	814	797	894	797
Insurance	1,491	1,351	1,413	1,508	1,444
Bank	1,399	1,178	1,392	1,912	1,050
Petroleum Business	1,104	1,090	1,100	1,140	1,155
<b>OTHER TAXES</b>	<b>2,606</b>	<b>3,176</b>	<b>3,082</b>	<b>2,994</b>	<b>3,371</b>
Real Property Gains	(1)	—	—	—	—
Estate and Gift	866	1,219	1,078	1,015	1,238
Pari-Mutuel	19	17	17	17	17
Real Estate Transfer	493	580	610	756	911
Racing and Exhibition	1	1	1	1	1
MCTD Mobility	1,228	1,359	1,376	1,205	1,204
<b>GAMING — LOTTERY INCOME, VLT &amp; CASINO</b>	<b>2,951</b>	<b>3,210</b>	<b>2,975</b>	<b>3,213</b>	<b>3,848</b>
<b>FEDERAL RECEIPTS</b>	<b>45,524</b>	<b>49,304</b>	<b>44,610</b>	<b>42,843</b>	<b>43,789</b>
<b>OTHER RECEIPTS</b>	<b>17,433</b>	<b>16,880</b>	<b>17,451</b>	<b>17,791</b>	<b>17,710</b>
Student Tuition and Fees (SUNY/CUNY)	2,501	2,585	2,706	2,809	2,052
Patient/Client Care	1,818	1,766	2,323	2,438	2,551
Income from Investments	106	28	28	27	28
Abandoned Property	569	640	756	716	544
Unclaimed Bottle Deposits	46	118	101	114	111
Refunds & Reimbursements	1,296	1,193	1,089	1,020	833
Public Benefit Corporations <sup>(1)</sup>	622	278	218	260	251
Assessments <sup>(2)</sup>	6,846	6,649	6,678	6,544	6,837
EPIC Fees and Rebates	202	203	141	24	41
Public Asset Sale - Non Profit Conversion	95	—	—	—	—
Miscellaneous Licenses, Fees and Other	3,332	3,420	3,411	3,839	4,462
<b>BORROWED AND ADDED TO DEBT</b>	<b>3,621</b>	<b>3,583</b>	<b>3,762</b>	<b>3,461</b>	<b>2,676</b>
Bonds and Notes Issued by the State	448	525	352	434	—
Public Authority Financings	3,173	3,058	3,410	3,027	2,676
<b>TOTAL RECEIPTS</b>	<b>\$127,196</b>	<b>\$133,846</b>	<b>\$133,097</b>	<b>\$133,608</b>	<b>\$137,713</b>

<sup>(1)</sup> Includes general receipts and Public Authority cost recoveries.

<sup>(2)</sup> Includes transfers from Public Goods Pool.

# STATE OF NEW YORK



## FINANCIAL CONDITION REPORT

**For Fiscal Year Ended  
March 31, 2014**

## **THOMAS P. DiNAPOLI** **STATE COMPTROLLER**

### **Comptroller's Office of Public Information**

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## DATA SOURCES

City of New York Department of Correction  
City University of New York  
College Board  
Fitch Ratings  
IHS Global Insight  
Institute for College Access and Success  
Moody's Investors Service  
NYC Office of Management and Budget  
NYS Agricultural Society  
NYS Commission of Correction  
NYS Department of Corrections and  
Community Supervision  
NYS Department of Health  
NYS Department of Labor  
NYS Department of Taxation and Finance  
NYS Department of Transportation  
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NYS Division of Criminal Justice Services  
NYS Education Department  
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State University of New York  
Statistical View of America — Congressional Quarterly  
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